



Dave Yost • Auditor of State



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To the Residents and elected officials of the City of Harrison:

At the City of Harrison's request, a performance audit was initiated on February 22, 2011. The functional areas assessed in the performance audit were City administration, public safety (police and fire operations) and public works. These areas were selected because they are important components of the City operations and service to its residents. Ongoing improvements in these areas can assist the City in managing its growth and ensuring a stable future financial condition.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements, while providing an independent assessment of the operations. While the recommendations contained in the audit report are resources, the City is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a City overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, issues for further study and financial implications. This report has been provided to the City of Harrison and its contents discussed with the appropriate officials and City management. The City has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

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

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

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Executive Summary

Background

In January 2011, the City of Harrison contracted with the Auditor of State (AOS) to provide a performance audit of key City operations. The goal of the audit was to provide the City with information concerning the efficiency and effectiveness of operations, while also providing perspectives on opportunities for further enhancement. Areas of focus included:

- City administration;
- Safety services including police and fire;
- Public works; and
- Recreation.

City Overview

Harrison is located in southwestern Ohio in Hamilton, County. According to the U.S. Census Bureau, the City's population was 9,897 in 2010. Harrison has experienced a high level of growth in the past decade in both population and geographic area. U.S. Census data from 2000 reported the City's population at 7,487 and its growth in population was approximately 32 percent in the past decade. During this time, the City has annexed surrounding land raising its geographical area to 4.8 miles, according to the Hamilton County Engineer.

The City operates under a Charter that was adopted in June 1981. Based on the Charter, the legislative powers of the City are vested in a City Council of seven members. All members of Council are elected for overlapping terms of four years, with an election held every two years. The Mayor is also elected for a four-year term and serves as the chief executive and administrative head of the City. The Mayor serves as President of Council and presides over all Council meetings. Only in the case of a tie vote does the Mayor or acting Mayor cast a deciding vote on an issue. City services include police, fire, EMS, water, sewer, a Mayor's court, and public works services.

Audit Methodology and Scope

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations 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.

AOS conducted the performance audit of the City of Harrison in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require that the AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS believes that the evidence obtained meets this criterion.

To complete this report, auditors gathered and assessed data from the City; conducted interviews with personnel of the City's various departments; identified applicable benchmarks and leading practices; and developed a composite of peer cities from the surrounding area of the State. The peer cities include: Madeira, Milford and Trenton. In addition to peer data, the AOS used external organizations to identify leading and recommended practices for comparisons. Key external sources included the Government Finance Officers Association (GFOA), the Society for Human Resource Management (SHRM) and other industry organizations. Data from peer counties and external sources used as criteria were not tested for reliability though the data was reviewed for reasonableness. Finally, applicable portions of the Ohio Revised Code (ORC) were used in conducting the audit.

The performance audit process involved significant information sharing with City Council and administrators, 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 impacting selected areas, and to confirm preliminary findings. Throughout the audit process, input from the City was solicited and considered when assessing the selected areas and framing recommendations. Finally, the City provided verbal and written comments in response to the various recommendations that were taken into consideration during the reporting process. Where warranted, audit staff modified the final report based on the comments.

The Auditor of State and staff express their appreciation to the City Council, Mayor, administrators, and employees of the City of Harrison for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes those identified during the course of the audit:

Low sick leave and overtime usage: During the past three years, the Harrison Fire Department (HFD) spent significantly less than 2 percent of its salaries on both overtime and sick leave usage, respectively, thereby falling below the recommended ceiling for use in high-performing organizations. This shows that HFD is actively working at limiting sick leave and overtime accrual.

Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide the City with options to enhance its operational efficiency and improve its long-term financial stability. In order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety. The following summarizes the key recommendations from the performance audit report.

1. City Administration

- Develop and implement a comprehensive strategic plan.
- Develop a five-year forecast.
- Develop formal budget processes and procedures outlining departmental and administrative duties and responsibilities in the process.
- Develop a formal chart of accounts for financial reporting purposes.
- Develop a cost allocation plan that provides a true estimate of administrative costs that are essential to operating City functions, specifically the water treatment and sewer systems.

During the course of the audit, the City implemented this recommendation.

- Develop a comprehensive staffing plan.
- Develop an employee handbook to consistently communicate policies across departments.

2. Public Safety - Police

- Develop and implement performance measures to govern staffing allocations within the policing function.
- Renegotiate provisions within collective bargaining agreement that are overly generous when compared to the peers and have a detrimental impact on City finances.
- Enhance efforts to monitor sick leave usage by creating a formal sick leave policy.

3. Public Safety - Fire

- Seek to renegotiate provisions within collective bargaining agreement that are overly generous when compared to the peers or are in excess of recommended practices.

- Improve management of EMS billing contract and annually review the EMS fee structure.
- Develop and implement a five-year capital plan for all Fire Department vehicles and other major equipment needs.

4. Public Works

- Develop performance measures to guide staffing levels and allocations.
- Realign staffing based on service levels and services offered.
- Renegotiate collective bargaining agreement provisions that exceed recommended practices.
- Accurately track overtime use by specific purpose and department in order to provide the City with trend information and better control overtime use.
- Develop a formal water audit program for its operations to identify and address water loss.
- Develop formal procedures governing snow and ice control, street maintenance and cleaning and storm sewer maintenance.
- Create and maintain a capital plan that prioritizes expected needs, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

Recommendation	Impact
R2.2 Renegotiate FOP contract provisions that negatively impact the City's financial condition.	\$23,900
R3.1 Renegotiate IAFF collective bargaining provisions that are costly to the City.	\$31,900
R3.3 Improve management of EMS billing contract and annually review EMS fee structure.	\$106,400
R4.3 Renegotiate collective bargaining agreement provisions in the HSD agreement that exceed recommended practices.	\$19,200
R4.4 Accurately track overtime use by specific purpose and department in order to provide the City with trend information and better control overtime use.	\$4,700
R 4.5 Develop a water audit program and reduce water loss.	\$124,000
Total Cost Savings from Performance Audit Recommendations:	\$310,100

Audit Objectives

The following detailed audit objectives were used to conduct the performance audit of the City of Harrison. The objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. In some instances, objectives were modified based on actions taken by the City to address its deficit or high risk environments identified by the auditors during the course of their work.

City Administration

- How is the City organized? What departments exist? How many total employees does the City have?
- What are the overall functions of the Mayor's Office, Finance/Income Tax, Economic Development, and Building/Zoning? How many employees are in each department and how do the staffing levels compare to the peer cities?
- What is the City's financial background (levy history, revenue and expenditure trend analysis)? How have changes in demographics affected the financial situation?
- How does the City's revenues and expenditures (2010) compare to the peer cities (as a percent of total, per resident, per square mile, etc)?
- How does the City prepare and monitor its budget?
- How does the City's financial and strategic planning process compare to leading practices? How does the City manage grants, cash & investment?
- How does the City's purchasing practices compare to leading practices?
- How efficient are the City's payroll processes?
- How do the City's health care benefits compare to leading practices and peer cities (including medical, dental, vision, and life)?
- How does the City's cost for workers compensation compare to the peer cities? Is the City's process for managing workers' compensation effective (group rating, safety meeting discounts etc)?
- How do the City's total salary (personal services) expenditures compare to peer cities?
- How do step schedules for bargaining members compare to peer cities (starting wages, step increases, etc?)

- How does the City's personnel policies compare to leading practices? How are policies and procedures communicated to employees?
- How does the City plan for staffing needs? What is the City's hiring process and how does it compare to leading practices? Does the City maintain up to date job descriptions?

Police

- Are staffing levels comparable to peers, industry benchmarks, and best practices? How do the Harrison Police Department's (HPD) crime rates, calls for service, and average response times compare to the peers and industry standards?
- Are HPD's overtime expenditures and sick leave usage excessive?
- Are negotiated agreement provisions overly generous?
- Are fleet management practices comparable to peers, industry benchmarks, and best practices?

Fire

- How do staffing levels and workload measures compare to the peers and industry standards?
- How does sick leave and overtime usage compare to peers and industry standards?
- Does the City have any costly negotiated items which adversely impact its level of expenditures compared to peers?
- How do the Department's ISO fire ratings, calls for services and average response times compare to the peers and industry standards?
- Is fleet management practice comparable to peers, industry benchmarks, and leading practices?
- Is EMS billing and collecting process cost-effective?
- Is mutual aid effectively used as a formal response strategy?

Public Works

- How does the City's water loss rate compare to national standards?
- Are water treatment staffing levels comparable to peers? How do revenues, expenditures and other operating statistics compare to the peers?

- Does the Public Works Department have a formal capital plan that meets best practices?
- Are negotiated agreement provisions overly generous?
- Does the Public Works Department have job descriptions for each position and are they up to date?
- Are water treatment employees' overtime expenditures and sick leave usage appropriate?
- How does the City's refuse and recycling costs and service compare to the peers? Is this contract regularly monitored?
- Are City services provided comparable to those of the peer cities?
- How does the Service Department's operational policies compare to leading practices?

City Administration

Background

This section of the performance audit focuses on the City of Harrison's (Harrison or the City) citywide financial and administrative operations including financial reporting, revenues and expenditures, staffing levels and organizational structure, employee compensation and benefits, and other human resource related functions. Operations were compared to leading or recommended practices, industry benchmarks, and selected peer cities¹ for the purpose of developing recommendations to improve efficiency and business practices as well as identify potential cost savings.

Financial Operations

City operations are funded mainly with receipts from property taxes, income taxes, local government funds distributed by the State, and fees and charges for services provided by the City. Expenditures include salary and benefits, purchased services, contracted services, supplies and materials, and capital outlay associated with providing police, fire, street maintenance, and utilities. **Table 1-1** provides a high level overview of Harrison's total revenues and expenditures (all funds) over the last three years.

Table 1-1: Harrison Revenue & Expenditures

	2008	2009	2010
Total Revenue	\$21,503,795	\$21,287,871	\$16,097,802
Total Expenditures	\$20,409,997	\$21,633,086	\$14,443,992
Receipts Over (Under) Expenditures	\$1,093,797	(\$345,215)	\$1,653,810

Source: Harrison financial reports.

Note: Expenditures do not include transfers

As illustrated in **Table 1-1**, Harrison's revenue exceeded expenditures in 2009. Expenditure levels for 2008 and 2009 were elevated due to a total of approximately \$12 million in improvements to the water system. In 2010, expenditures were reduced significantly as the City completed improvements to the water infrastructure in addition to requiring all departments to reduce spending by 10 percent.

Table 1-2 provides a breakout of Harrison's expenditures by General Fund and Non-General Fund departments.

¹ See the **executive summary** for a description of the peer city average used as a benchmark throughout this performance audit.

**Table 1-2: Harrison 2008 – 2010 Expenditures by Department
General / Non- General Fund**

General Fund Departments			
Department:	2008	2009	2010
Police	\$2,412,036	\$2,637,545	\$2,593,363
Recreation	\$68,616	\$78,823	\$55,600
Building	\$107,017	\$137,508	\$132,201
Zoning	\$12,340	\$4,615	\$4,372
Tax	\$219,770	\$202,882	\$241,202
Mayor	\$36,855	\$37,035	\$35,534
Council	\$94,817	\$88,523	\$85,333
Economic Development	\$118,707	\$490,875	\$164,875
Finance	\$277,710	\$392,940	\$264,322
Custodian	\$48,629	\$48,477	\$49,387
Law	\$106,891	\$105,309	\$114,447
Magistrate Clerk	\$76,653	\$83,851	\$84,952
Administrative	\$20,178	\$21,594	\$9,999
Other General Fund ¹	\$71,248	\$125,305	\$120,745
Total General Fund	\$3,671,469	\$4,455,280	\$3,956,331
Non-General Fund Department			
Department:	2008	2009	2010
Fire	\$2,423,624	\$3,006,877	\$3,299,270
Fire Reserve	\$88,327	\$88,327	\$0
Capital Improvements	\$105,425	\$1,414,487	\$173,122
Community / Senior Center	\$526,550	\$574,193	\$529,338
Water	\$1,239,540	\$1,946,737	\$1,323,006
Wastewater	\$2,850,108	\$2,348,337	\$2,516,552
Storm water / Sanitation	\$1,374,501	\$433,052	\$505,843
Water Improvement	\$6,521,773	\$5,465,571	\$800,044
Street Maintenance	\$587,765	\$753,428	\$663,927
Debt Service	\$322,970	\$319,930	\$320,475
Other Non-General Fund ²	\$697,944	\$826,865	\$356,083
Total Non-General Fund	\$16,738,528	\$17,177,806	\$10,487,661
Total	\$20,409,997	\$21,633,086	\$14,443,992

Source: Harrison financial reports

Enterprise funds are used to account for activity for which a fee (such as a utilities fee) is charged to external users for goods or service (such as water and sewer). Governmental funds are those through which most governmental functions typically are financed. Harrison has three major governmental funds which include the Fire Improvement Fund, Capital Improvement Fund and the General Fund. The Fire Improvement Fund accounts for voted levies, property taxes and contracts that relate to the operation of the fire department, while the Capital Improvement Fund accounts for resources used to purchase equipment and construct capital assets.

Finally, the City's General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio. The majority of the General Fund expenditures each year were spent in the City's Police Department. However, a few of the City's General Fund departments experienced significant

increases or decreases in expenditures over the three year period. For example, in 2009, the Recreation Department had a \$21,000 capital expense. The City's Tax Department expenses increased 18.9 percent from 2009 to 2010 because of a \$45,000 increase in reimbursements. The Economic Development Department's expenditures increased over 300 percent from 2008 to 2009 and then decreased in 2010; the direct result of a \$300,000 Joint Economic Development Department (JEDD) construction expense in 2009. Harrison's Finance department also experienced a significant increase in expenses in 2009 due to an \$88,000 capital improvement expense for the City building's communication system. The General Fund is the focus of the analysis and comparisons within this section of the performance audit.

Table 1-3 illustrates Harrison's General Fund revenues and expenditures over the three year period.

Table 1-3: Harrison Three Year General Fund Revenue Trend

	2008	2009	% Change 2008-2009	2010	% Change 2009-2010
Taxes	\$4,545,982	\$4,455,522	(1.99%)	\$4,537,951	1.85%
Licenses, Permits, and Fees	\$84,287	\$158,626	88.2%	\$79,066	(50.2%)
Intergovernmental	\$275,503	\$502,836	82.5%	\$268,838	(46.5%)
Charges for Services	\$9,941	\$19,882	100.0%	\$19,882	0.0%
Fines and Forfeitures	\$118,836	\$111,649	(6.0%)	\$207,404	85.8%
Investment Earnings	\$184,051	\$124,022	(32.6%)	\$61,635	(50.3%)
Other Revenues	\$137,912	\$160,286	16.2%	\$102,273	(36.2%)
Donations/ Endowments	\$4,748	\$855	(82.0%)	\$570	(33.3%)
Reimbursements	\$25,585	\$90,718	254.6%	\$118,835	31.0%
Total	\$5,386,844	\$5,624,397	4.4%	\$5,396,454	(4.1%)

Source: Harrison financial reports

As highlighted in the table, the City's tax revenue remained steady despite overall poor economic environment. Local taxes, including property tax and municipal income tax, are the most significant sources of revenue for the City, representing approximately 78 percent of the City's General Fund revenue in 2010. Harrison levies a municipal income tax of 1.0 percent on earned income arising from employment, residency, or business activities within the City as well as income of residents earned outside of the City. Property tax and municipal income tax were not significantly affected by the poor economic environment as property taxes grew 12.7 percent while income taxes showed only a modest dip in the three year period. In contrast, investment earnings were significantly impacted as a drop in interest rates can be seen in the steep decline this category.

Table 1-4 illustrates Harrison General Fund revenues in comparison to the peer city average on a per resident basis.

Table 1-4: Harrison and Peer 2010 General Fund Revenue

	Harrison		Peer Average	Variance
Residents	9,897		9,101	796
	Total Revenues	Per Resident	Per Resident	Per Resident
Property Tax	\$1,239,456	\$125.24	\$122.19	\$3.04
Income and Other Local Taxes	\$2,948,726	\$297.94	\$249.03	\$48.91
State Levied Shared Taxes	\$349,769	\$35.34	\$78.46	(\$43.12)
Licenses, Permits, and Fees	\$79,066	\$7.99	\$14.51	(\$6.52)
Intergovernmental	\$268,838	\$27.16	\$17.91	\$9.25
Charges for Services	\$19,882	\$2.01	\$14.21	(\$12.20)
Fines and Forfeitures	\$207,404	\$20.96	\$15.60	\$5.36
Investment Earnings	\$61,635	\$6.23	\$4.79	\$1.44
Other Revenues	\$102,273	\$10.33	\$6.94	\$3.40
Donations/ Endowments	\$570	\$0.06	\$0.15	(\$0.09)
Reimbursements	\$118,835	\$12.01	\$4.73	\$7.28
Sale of Assets	\$0	\$0.00	\$1.54	(\$1.54)
Total	\$5,396,454	\$545.26	\$530.05	\$15.21

Source: Harrison and peer city 2010 financial reports

As highlighted in **Table 1-4**, the City relies heavily on generating revenues from local taxes while the peers relied on State tax revenues and charges for services. In total, Harrison collected \$15.21 more revenue per resident than the peer average. Harrison's focus on economic development can be witnessed by the fact that municipal income tax is the City's largest revenue source. In 2010, Harrison collected \$60.80 more per resident than the peer average. While each of the three peers cities have income tax levies,² collections are based on overall income earned in the city. More businesses in an area would provide more revenue in this category.

Table 1-5 compares Harrison's General Fund expenditures per resident to the peers.

² Milford and Madeira both have a 1.0 percent income tax and Trenton has a 1.5 percent income tax

Table 1-5: Harrison and Peer General Fund Expenditures by Type

	Harrison		Peer Average	Variance
Residents	9,897		9,101	796
Expenditure Type	Expenditures	Per Resident	Per Resident	Per Resident
Salaries and Wages	\$2,175,986	\$219.86	\$196.82	\$23.04
Fringe Benefits ¹	\$776,643	\$78.47	\$80.23	(\$1.76)
Contractual Services	\$519,431	\$52.48	\$143.26	(\$90.77)
Supplies & Materials	\$198,919	\$20.10	\$18.70	\$1.40
Reimbursements / Refunds	\$149,403	\$15.10	\$12.78	\$2.32
Capital Improvements	\$5,542	\$0.56	\$0.93	(\$0.37)
Other Miscellaneous	\$130,408	\$13.18	\$17.91	(\$4.73)
Total	\$3,956,331	\$399.75	\$463.92	(\$64.17)
General Fund Transfers ²	\$1,820,802	\$183.98	\$52.06	\$131.91
Total General Fund Expenditures	\$5,777,133	\$583.73	\$525.09	\$58.63

Source: Harrison and the peer cities 2010 financial reports

¹ Includes Police pension

² Excludes the transfer of \$185,000 to the Police Pension Fund

A description of the significant variances shown in **Table 1-5** are described below:

- **Salaries and Wages:** General Fund salaries and wages include hourly and salary employees and overtime costs for the majority of the City's Departments, with the exception of Enterprise Fund departments. Salaries and wages represent 55 percent of the City's 2010 General Fund expenditures (excluding transfers). As illustrated in **Table 1-5**, Harrison spent \$23.04 more per resident than the peer average in this category. Staffing levels were examined and it was found that police and service staffing exceeded the average per resident. Also adding to the discrepancy was the fact that Harrison does not allocate the portion of employees' salaries who dedicate time supporting other funds.
- **Fringe Benefits:** This category includes employee retirement, health insurance, Medicare, and workers compensation. Harrison's health insurance structure (including premiums and coverage) was examined in comparison to industry benchmarks from the State Employee Relations Board (SERB). Results of the comparison showed that the City was receiving favorable premiums.
- **Supplies and Materials:** General Fund supplies and materials include expenditures for office supplies, postage, and fuel for vehicles. As illustrated in **Table 1-5**, Harrison's General Fund expenditures per resident in this category are in line with the peer average.
- **Reimbursements / Refunds:** This category consists primarily of income tax refunds. In 2010, Harrison paid approximately \$150,000 in tax refunds to City residents.
- **Capital Improvements:** As illustrated in **Table 1-5**, General Fund capital improvements are minimal for Harrison and the peers. Most capital improvements within a city are paid from enterprise funds for capital used to provide services to residents.

- **Other Miscellaneous:** Harrison's miscellaneous General fund expenditures totaled approximately \$130,000 in 2010 and included auditor fees, street lighting, and expenditures paid to the Board of Health. The peer average was slightly above Harrison per resident expenditures in this category and included similar miscellaneous expenses.
- **General Fund Transfers:** As illustrated in **Table 1-5**, Harrison's General Fund transfers exceeded the peer average by \$58.63 per resident in 2010. Cities transfer General Fund money in order to supplement other funds that do not generate the revenue necessary to support services and operations. The largest transfer made by Harrison in 2010 was \$1.3 million into the Fire Improvement Fund. While the City's fire department collects revenue from a levy, it is not sufficient to support services. Harrison also transferred approximately \$338,000 to its Debt Service Fund, \$80,000 to a TIF Fund, and \$30,000 to the Community Service Fund.

Finally, Harrison's General Fund expenditures were compared to the peer average by department. **Table 1-6** illustrates this comparison. The breakout of the city administration includes all the departments that are not under a defined area and serve a specific purpose for the City.

Table 1-6: General Fund Expenditures by Department Comparison

	Harrison		Peer Average	Variance
	Expenditures	Per Resident	Per Resident	Per Resident
Residents		9,897	9,101	796
Citywide Administration	\$1,287,464	\$130.09	\$127.37	\$2.72
Administration / Admin Building	\$94,920	\$9.59	\$44.55	(\$34.96)
Legislative / Council / Clerk	\$85,333	\$8.62	\$7.88	\$0.74
Finance / Treasurer	\$264,322	\$26.71	\$16.36	\$10.34
Income/Earnings Tax	\$241,202	\$24.37	\$26.80	(\$2.43)
Law Director	\$114,447	\$11.56	\$4.82	\$6.74
Judicial /Mayor's Court	\$84,952	\$8.58	\$7.51	\$1.07
Economic Development	\$164,875	\$16.66	\$6.49	\$10.17
Building Inspection / Zoning	\$136,573	\$13.80	\$7.33	\$6.47
Engineering	-	\$0.00	\$6.29	(\$6.29)
Recreation	\$55,600	\$5.62	\$10.32	(\$4.70)
Other	\$45,240	\$4.57	\$12.58	(\$8.01)
Police Department	\$2,593,363	\$262.04	\$210.69	\$51.34
Fire Department	-	\$0.00	\$173.22	(\$173.22)
Public Works / Service	\$75,505	\$7.63	\$76.14	(\$68.51)
General Fund Transfers	\$1,820,802	\$183.98	\$53.16	\$130.82
Total General Fund	\$5,777,133	\$583.73	\$525.09	\$58.63

Source: Harrison and the peer cities 2010 financial reports

Note: The peer average includes only peers that report expenditures in a given department.

Table 1-6 illustrates Harrison's General Fund departmental expenditures per resident compared to the peer city average. City administration expenditures are examined by department and those departments where significant variance occurred are explained below:

- **Administration / Admin Building:** As illustrated in **Table 1-6**, Harrison's expenditures are significantly less than the peer average. This is the result of Harrison operating under the Council Mayor form of government and not employing a City manager. All three peers have city managers as well as some assistant managers.
- **Finance / Treasurer:** Harrison's expenditures per resident within the Finance Department exceeded the peer average by approximately \$10.34 per resident. Staffing and salary comparisons did not indicate that the City was overstaffed or overcompensated. Harrison does not allocate the portion of time these employees spend on serving City employees (either through payroll or benefit management) or preparing financial data for other departments. Instead it charges all salaries for its Finance Department personnel to the General Fund. In addition, some costs that may not be directly related to Harrison's Finance Department (including cable services for the City building) are recorded under this Department.
- **Economic Development:** Harrison's expenditures within this category consist primarily of salary and benefits for the City's full time Economic Director. Harrison developed this Department in 2008 in order to focus on growth and development of the City through the attraction, retention, and expansion of businesses. In addition, the Economic Development Department's expenditures include those costs associated with the City's website. Only one of the three peer cities has an economic development department.
- **Building Inspection / Zoning:** As illustrated in **Table 1-6**, expenditures within this Department exceeded the peer average by \$6.47 per resident. Many expenses associated with this department are recouped through zoning permits and residential and commercial building permits.

Staffing

While organization, department structure, and staffing levels vary across all cities, personal services (salaries and benefits) typically make up the majority of general fund expenditures. In 2010, 72 percent of Harrison's General Fund expenditures was allocated to employee salaries and fringe benefits. An analysis of Harrison's staffing levels was completed within the performance audit to determine if the City was in line with peer averages. **Table 1-7** illustrates Harrison's staffing in comparison to the three peer cities across 10 different departments; all but one was funded by the General Fund.³ Staffing levels are presented on a full time equivalent (FTE) basis in order to accurately account for part time positions. Demographics and services offered were considered during these comparisons and are explained below the table.

³ Milford and Madeira both have a 1.0 percent income tax and Trenton has a 1.5 percent income tax its own fund. Harrison collects revenue from the senior meal receipts, Hamilton County, Hamilton Township, and the Council on Aging.

Table 1-7: Staffing Comparison, Administration and Departments ¹

	Harrison	Milford	Madeira	Trenton	Peer Average	Above / (Below) Peer Average
Administrative Department ²	1.50	4.00	3.75	3.50	3.75	(2.25)
Law Department	2.00	1.00	1.00	2.00	1.33	0.67
Engineer's Department	0.00	1.00	0.00	0.00	0.33	(0.33)
Finance Department	2.50	4.00	2.00	2.00	2.67	(0.17)
Tax Department	2.00	0.00	2.00	2.00	1.33	0.67
Economic Development Department	1.00	0.00	0.00	1.00	0.33	0.67
Building / Zoning Department	0.60	0.00	0.00	0.00	0.00	0.60
Information Technology Department	0.00	0.00	0.00	1.00	0.33	(0.33)
Recreation Department	0.50	0.00	0.50	0.00	0.17	0.33
Senior Service Department	3.88	0.00	0.00	0.00	0.00	3.88
Total for Departments Listed	13.98	10.00	9.25	11.50	10.24	8.24

Source: Harrison and peer 2011 staffing data

¹ This staffing comparison excludes the public works (water, sewer, street) and public safety (police and fire) staffing numbers. These staffing levels were examined in other sections of the performance audit in order to capture the specific industry benchmarks and workload measures unique to these functional areas.

² Administrative Department includes city managers, administrative assistants, city clerks, and receptionists. It does not include those support staff specifically dedicated to public works or public safety departments (such as a billing clerk or police department secretary).

As shown in **Table 1-7**, Harrison's staffing exceeded the peers by 8.24 FTEs. A description of significant variances is included below:

- Administrative Department:** Harrison operates under a different form of government by employing a Mayor (elected official) while each of the three peer cities employ city managers.⁴ Harrison's 1.5 FTE staff in this category includes a full time and a part time building receptionist. The peer average in this category of 2.75 FTEs includes positions such as city managers, assistants to city managers, administrative secretaries, and receptionists. Without a defined manager of the City (or administrative department), Harrison's managerial responsibilities are shared among the Mayor and other department heads.
- Law Department:** Harrison employs 2.0 FTEs in the City's Law Department. These positions include the Law Director and a full time clerk of court (Mayor's Court).
- Engineer's Department:** As illustrated in **Table 1-7**, Harrison does not have a City Engineer. Instead engineering services are contracted out. Milford was the only peer city who employs an engineer.
- Finance Department:** Harrison's Finance department includes 2.50 FTEs, in line with the peer average of 2.67. These employees include the Finance Director, a full time payroll clerk, and a part time clerk. Together this department is responsible for the City's finances including budgeting, employee payroll, and purchasing.

- **Tax Department:** Harrison's Tax department consists of the Tax Commissioner and Deputy Tax Commissioner. This department is responsible collecting the City's income tax from residents. Two of the peer cities have their own tax department, both of which include 2.0 FTEs. During the course of the performance audit, Harrison conducted an evaluation of the option of contracting this service with a third party.
- **Economic Development Department:** As illustrated in **Table 1-7**, Harrison has an Economic Development Department with 1.0 FTE, the Director. Population growth in Harrison has resulted in a wide array of economic development over the last ten years and therefore creation of this Department in 2008. Harrison's Economic Development Department is responsible for the attraction, retention, and expansion of businesses in the City. Trenton is the only other peer city with a separate department in this area and also employs 1.0 FTE.
- **Building Department / Zoning Department:** Harrison's Building Department and Zoning Department is headed by a part time Director. The main responsibilities include managing City building inspections and permits. The peer cities do not employ their own staff in this area.
- **Information Technology Department:** Harrison does not have a separate Information Technology Department. The City's Economic Development Director has assumed responsibilities of managing the City's website. During the course of the performance audit, the City contracted with a third party to complete a technology study and examine the City's infrastructure. Results of the study were shared and discussed with Council and Harrison.
- **Recreation Department:** Harrison's part-time Recreation Coordinator manages the City's recreation activities throughout the year, including various holiday celebrations, summer movies and concerts, an annual City-wide yard sale, and a summer program for children. Madeira was the only other peer city with a recreation department and also staffed one regular part time position.
- **Senior Service Department:** As illustrated in **Table 1-7**, Harrison's Senior Service Department includes 3.88 FTEs. Positions include the Director, an assistant, a cook, and a van driver. Harrison provides a number of services to seniors including monthly shopping trips, various group activities at the Community Center (cards, dancing, etc.) and the meal program (its largest). Harrison provides lunches at the Community Center and also delivers them to homebound seniors. These services are provided in partnership with the Council on Aging and Harrison Township.

While there were no administrative areas where Harrison's staffing appeared out of alignment in **Table 1-7**, potential improvements could be made by identifying responsibilities and/or insuring cross training in HR related functions. The majority of the City's employees are included within the public safety departments (police and fire) and the public works departments (water, streets, and sewer). These staffing levels were examined in detail within the respective sections of the performance audit.

Employee Benefits

Harrison provides a Point of Service (POS) health insurance plan for the City's employees (including medical and dental coverage). POS plans cover a larger percent of the costs when using in-network providers, but also provide the choice to go outside the network for services. As of March 1, 2011, there were 83 employees participating in the City's insurance program and receiving coverage. There are four tiers of coverage: single, single plus spouse, single plus children, and family. Each level has a different premium amount.

City and employee contributions to health insurance premiums are based on negotiated provisions within the employee collective bargaining agreements. According to the bargaining agreements, the City pays up to \$797 per month for each member enrolled in the plan.⁵ If the monthly premium exceeds this amount, the City and the employee share the difference.⁶

Table 1-8 provides a detailed illustration of the insurance premiums and City and employee contributions.⁷

Table 1-8: Harrison Monthly Insurance Premiums and Contributions

	Single	Single + Children	Single + Spouse	Family
Medical Premium	\$271.38	\$515.63	\$597.04	\$868.42
Dental Premium	\$26.24	\$57.47	\$59.56	\$92.79
Total Premium	\$297.62	\$573.10	\$656.60	\$961.21
Employee Contribution	\$0.00	\$0.00	\$0.00	\$82.11
City Contribution	\$297.62	\$573.10	\$656.60	\$879.11
Total Premium	\$297.62	\$573.10	\$656.60	\$961.21

Source: City of Harrison

As illustrated in **Table 1-8**, Harrison pays the full premium for single, single plus children and single plus spouse coverage. The City and employee share the difference over the cap for the family coverage level.⁸

Harrison's 2010 total premiums were compared to averages reported by the State Employment Relations Board's (SERB) *18th Annual Report on the Cost of Health Insurance in Ohio's Public Sector*. The results of the comparison showed Harrison to have premiums below the reported averages for both single and family coverage.⁹

⁵ The amount of \$797.00 is consistent for plan periods effective June 1, 2001, June 1, 2011, and June 1, 2012.

⁶ There is one administrative employee that the City pays the entire family premium. This was negotiated as part of the administrator's employment terms.

⁷ Harrison's health insurance year is from July 1, 2010 through June 30, 2011.

⁸ The family premium of \$961.21 is \$164.21 over the cap specified in the bargaining agreements. Therefore the City and the employee each pay \$82.11 of this difference.

⁹ Averages from the SERB report included Ohio cities with less than 25,000, Cincinnati regional area, and entities with 50 – 99 covered employees.

Harrison provides a health reimbursement account (HRA) program to its employees enrolled in its health insurance program. The City pays the first \$1,000 of the deductible for single coverage and the first \$2,000 for family coverage. Employees are reimbursed for medical expenses including deductibles, copayments, and other healthcare expenses up to these amounts. This plan structure allows the City to have higher deductibles, therefore resulting in lower premiums.

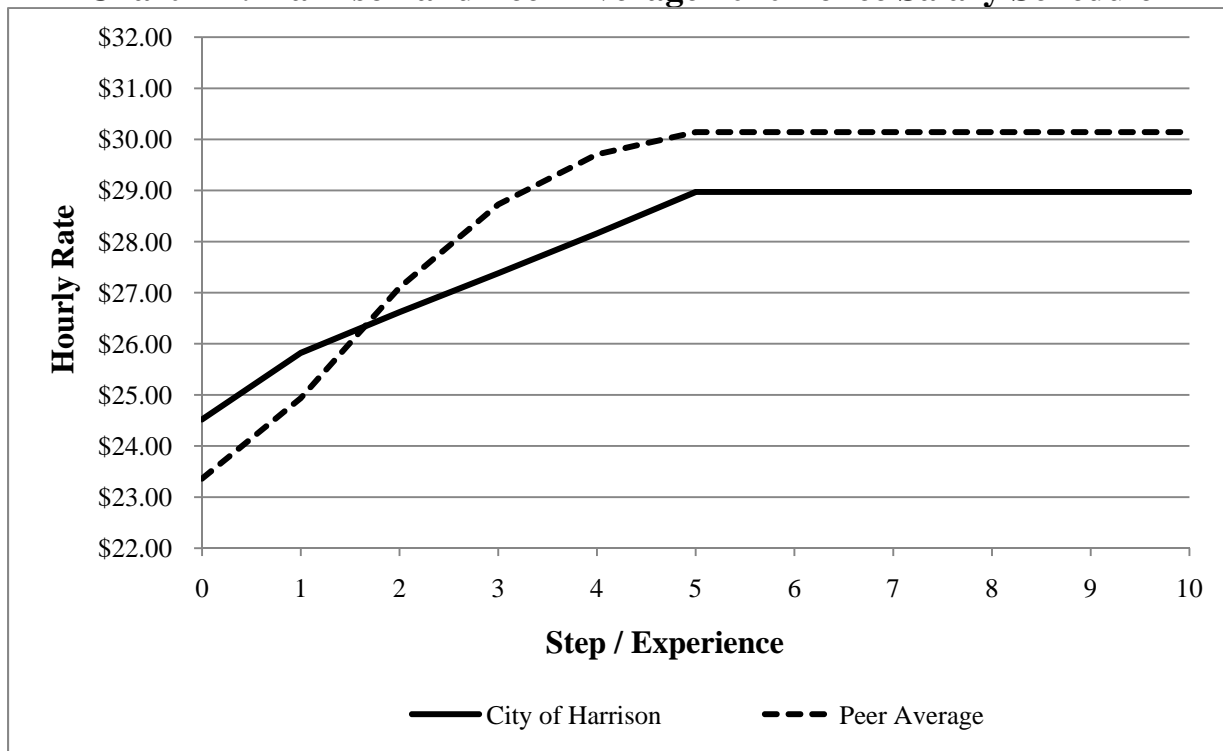
Harrison's overall cost for employee health coverage was calculated by including the City's portion of the premium, the City's contribution to the deductible, and the fee involved in administering the reimbursement program. Once these costs were accounted for, Harrison's average annual cost per employee was approximately \$9,494. This was below SERB's average annual cost of Ohio public sector workers of \$11,056.

Employee Compensation

As illustrated in **Table 1-5**, Harrison General Fund salaries per resident exceeded the peer average in 2010. This may be the result of a combination of factors. The City did not allocate General Fund salaries to other funds when applicable. Also, staffing levels drive total salaries and the General Fund largest staffing group, police officers, was above the peer average in the statistical comparisons conducted.

Compensation rates, including starting pay, step increases, and maximum pay by positions were examined in comparison to the peer average to determine if compensation was another factor in the higher than average total General Fund salaries. With the Police Department making up 76 percent of the General Fund salaries, compensation was compared in detail to the peer cities and is illustrated in **Chart 1-1**.

Chart 1-1: Harrison and Peer Average 2010 Police Salary Schedule



Source: Harrison and peer cities FOP bargaining agreements and pay scales

While Harrison’s police officers have higher than average starting wages, the step increases and maximum pay rates are below the peer average. To capture the overall cost of employment, **Table 1-9** illustrates the cost of a police officer over a 25 year period in comparison to the peer average.

Table 1-9: 2010 Wages and Cost of Employment - Police Officer Comparison

	City of Harrison	Peer Average	Difference
Base/Starting Rate	\$24.52	\$23.36	\$1.16
Rate After 5 Years	\$28.97	\$30.14	(\$1.17)
Total Salary Schedule Cost	\$1,539,982	\$1,593,629	(\$53,647)
Total Longevity Payments	\$0	\$32,308	(\$32,308)
25 Year Cost of Employment	\$1,539,982	\$1,625,938	(\$85,956)

Source: Harrison and peer cities FOP bargaining agreements and pay scales

Note: This cost does not include longevity payments. All three peer city bargaining agreements included longevity payments. Harrison does not. Therefore, if longevity payments were included the total cost of the peer average would be higher.

Chart 1-1 and **Table 1-9** indicates that Harrison’s police officer salaries are in line with peer average and are not likely the reason for higher than average total General Fund salaries. Other salaries included in the General Fund are those from the Finance Department and Tax Department. Through similar comparisons it was determined compensation levels are in line with peer averages.

Operations

Overall, Harrison's four major operational areas:¹⁰ police, fire, water treatment and wastewater treatment displayed operational efficiency. Although police operations were more expensive relative to demographic data than the peers (**Table 2-3**) operational ratios were in-line with the level of police services provided. In addition, the Police Department displayed a commitment to decreasing costs by implementing several energy saving measures, conserving fuel and limiting overtime. Effective governance was displayed by the creation and implementation of formal policies concerning fleet management and maintenance, capital equipment, overtime and staffing.

Fire Department operations showed a high level of efficiency when compared to the peers based on lower staffing levels (**Table 3-2**), lower run times (**Table 3-3**) and lower expenditures (**Table 3-5**). In addition, the Fire Department incurred low levels of sick leave and overtime use. Finally, efficient water and wastewater operations in the City were indicated by its ability to treat water and wastewater at per gallon rates that were lower than the peer average (**Table 4-5** and **Table 4-6**).

¹⁰ Police, fire, water treatment and wastewater treatment operations comprised approximately 67 percent of total City expenditures in 2010.

Recommendations

R1.1 Develop and implement a comprehensive strategic plan.

Harrison should develop and implement a comprehensive strategic plan that outlines the City's long term vision and aligns available resources with the service needs of the community and stakeholders. In accordance with GFOA recommended practices, the plan should include a mission statement, detailed goals, performance measures and a method to monitor progress toward achieving its goals. Once developed, Harrison should link the strategic plan to other planning documents including the annual budget, financial forecast and capital improvement plan. Additionally, the City should adopt a process whereby the Mayor and department heads annually review the goals and objectives in the plan, and report to citizens, City Council and other stakeholders on the implementation status. Strategic planning will enable the City to better allocate resources to critical areas that demonstrate effectiveness.

Harrison does not have a comprehensive City-wide strategic plan to guide long-term operations and spending decisions. As a result, decisions are made based on subjective opinions of need rather than an objective analysis that is tied to long-term departmental goals and objectives or data related to operational efficiency and effectiveness.

Recommended Practice on the Establishment of Strategic Plans (GFOA, 2005) recommends that all governments develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between spending and goals. The focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future.

R1.2 Develop a five-year forecast.

The Finance Director should develop a five-year forecast to help the City better understand and plan for varying economic conditions that could affect its revenues, expenditures and services. The Finance Director should work with appropriate department heads and City Council to develop financial policies and procedures for the development of the forecast.

Harrison does not have a formal process to examine and evaluate expenditures and revenue further than one year out. Short term financial planning occurs through annual budget meetings with the Mayor, Finance Director, department heads, and City Council.

Lack of long term financial planning restricts management from tools which can be used during the decision-making process. Furthermore, forecasts can expand a government's awareness of its financial options, potential problems, and opportunities.

R1.3 Develop a budgeting process with accompanying policies and procedures.

The City should develop formal budget processes and procedures outlining departmental and administrative duties and responsibilities in the process. These should incorporate

leading practices in budget development and information, including the addition of performance measures and service-level trends.

Harrison does not have a comprehensive City-wide strategic plan to guide long-term operations and spending decisions. As a result, decisions are made based on subjective opinions of need rather than an objective analysis that is tied to long-term departmental goals and objectives or data related to operational efficiency and effectiveness.

Once a formal process is developed, the budget should be presented in a clear, easy to use format, with the use of multiple documents, tailored to the needs of various stakeholders. These may include brief summaries of important information to be used by different audiences to enhance their understanding of important budget issues and tradeoffs. For the budget document to be readily understandable, it not only must contain the appropriate information, but must also be prepared in a manner that is clear and comprehensible.

The GFOA recommends that program and service performance measures be developed and linked to governmental budgeting. Performance measures should be based on program goals and objectives that tie to a statement of program mission or purpose; measure program outcomes; provide for resource allocation comparisons over time; and measure efficiency and effectiveness for continuous improvement.

R1.4 Develop a formal chart of accounts for financial reporting purposes.

Harrison should develop a well-designed chart of accounts that clearly defines the City's accounting system. Specifically, the chart of accounts should provide outlined definitions to identify the appropriate fund, department, and account code. A formal written document outlining these parameters would provide a consistent classification structure for budgeting and financial reporting.

Ohio does not have mandated regulations for municipal financial reporting. Because of this, there can be variance in how expenditures are recorded from year to year and department to department. Harrison's financial reporting appears to have a logical structure as it follows a fund, department, and account type layout. However, the AOS identified a lack of controls in defining appropriate and consistent account codes for expenditures across departments. For example, an account code in the Building Department was used for a supplies and material expenditures. This same account code was used in the Law Department was for a contracted service.

Inconsistency in financial reporting makes it difficult to make comparisons from year to year or department to department. It also hinders the City's ability to accurately budget for future expenses by expenditure type. Because Harrison's chart of accounts has developed "organically" with departments using funds and accounts as needed, conflicting uses of similar funds and accounts has occurred.

R1.5 Develop a cost allocation plan.

The City should estimate the time and services rendered by the Finance Director, Payroll

Clerk and any other administrative service and allocate the costs of these services to its various departments and funds, particularly the Water and Sewer Funds. In order to accurately measure and evaluate costs, the City should develop a cost allocation plan that is approved by City Council and provides a true estimate of administrative costs that are essential to operating particular services, specifically the water treatment and sewer systems. All administrative functions should be identified and allocated including financial, payroll and human resources.

During the course of the audit, the City implemented this recommendation.

The City did not have a formal cost allocation plan that provided a true representation of administrative functions provided to the water and sewer operations. As a result, Harrison did not allocate the salaries of the Finance Director, payroll clerks, or any other City administrators that provide ongoing, routine functions to these enterprise funds. It likewise did not allocate these to specific services within the General Fund, thereby diminishing the true cost of providing certain City services.

R1.6 Develop a comprehensive staffing plan.

Harrison should develop a comprehensive staffing plan that is tied to the goals and objectives identified in the strategic plan. The staffing plan should be developed to cover each of the City's departments and programs, and incorporate a variety of relevant workload and outcome measures that can be used to assess current and future staffing needs.

Harrison does not have formal procedures for recruiting employees, making hiring decisions, or determining appropriate staffing levels across the City. Instead staffing levels are determined based on past practices and current budget appropriations. Furthermore, the City does not have a staffing plan that uses objective workload and outcome measures to help ensure efficient and effective staffing levels, and to link staffing decisions to long-term goals and objectives.

Estimating Future Staffing Levels (SHRM, 2006) highlights the need for a staffing plan. SHRM notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its business strategy. Once this question is answered, the organization must focus on recruiting, developing, motivating, and retaining the number and mix of employees that will be required at each point in time.

Without an HR Department, staffing decisions are based on a combination of informal input from department heads, past practices, collective bargaining and civil service requirements, and City Council approval for director level positions. A formalized staffing plan will allow Harrison to openly communicate staffing strategies and priorities with employees, City Council, and the community.

R1.7 Develop an employee handbook to consistently communicate policies across departments.

The City should work to establish formal human resource management practices to

enhance the ability to effectively communicate personnel-related matters and strengthen internal communication between the City and its employees. Harrison should develop an employee handbook that incorporates key employment policies and procedures, providing the City with one comprehensive document that can be used to help orientate new employees, answer questions that arise during employment, and provide consistency in administering policies across all departments.

Harrison operates under a Mayor-Council form of government and therefore does not have a city manager. In addition, there is not an administrative office or HR Department. Functions including employee benefit management, employee leave, and disciplinary actions are carried out by the Finance Department and other department heads. The City does not have a City Council approved employee handbook that summarizes key employment policies and procedures. In practice, the City relies on a combination of City Ordinances, collective bargaining agreements, and informal procedures to define its daily operating practices.

The Society for Human Resource Management (SHRM) publication, *Preparation of the Employee Handbook* (SHRM, 2002), notes that the purpose of an employee handbook is to clearly communicate information that is relevant and important to employees. Written documentation such as a handbook can provide consistency in administering the organization's policies and procedures. In addition, *Ten Reasons to Write (Or Revise) Your Employee Handbook* (SHRM, 2006) highlights that the employee handbook is recognized by human resource professionals as an essential tool for communicating workplace culture, benefits and employment policy information to employees. An employee handbook typically covers a variety of topics including employer information, employment policies, and operational issues.

Public Safety - Police

Background

This section of the performance audit focuses on the City of Harrison's Police Department (HPD). The objective is to analyze the department's operations to identify and develop recommendations for improvements. Comparative data consisted primarily of information collected from police departments of the peer cities of Madeira, Milford and Trenton, Ohio.

Organization Structure & Staffing

The Chief of Police (the Chief) is responsible for the overall supervision and administration of the services of HPD and operates under the limited supervision of the Mayor. The Chief is also responsible for the planning, directing, budgeting, procurement, discipline, labor relations, contract negotiations, record keeping, record destruction, grant application, community relations, and the maintenance and accountability of all related City property. All sworn officers with the exception of the Chief and Assistant Chief are represented by the Fraternal Order of Police (FOP), Ohio Labor Council (Police Officers, Sergeants, Lieutenants) bargaining unit. **Table 2-1** displays HPD's staffing levels by position.

Table 2-1: HPD Staffing

Position	Headcount	FTE
Police Chief	1.0	1.0
Captain	1.0	1.0
Lieutenant	2.0	2.0
Sergeant	3.0	3.0
Officer	14.0	14.0
Detective	1.0	1.0
Administrative/Support	2.0	2.0
Crossing Guards	3.0	0.6
Total Department Staffing	27.0	24.6

Source: HPD

As shown in **Table 2-1**, all HPD employees are full time with the exception of the three crossing guards. According to the Chief, staffing levels have remained constant since the addition of 22nd sworn officer in 2008. Although the Department has hiring approval for 23 sworn officer FTEs, the Chief stated that there are no plans to add this additional officer.

HPD is split into two primary functions: patrol and criminal investigation. Patrol is provided throughout the City, 24 hours per day in three 8 hour shifts. The Minimum Staffing Policy, created by the Chief, requires two uniformed officers be staffed for the day shift, three officers for the second shift, and two officers for the third shift. On Friday and Saturday, three uniformed officers are required to be staffed from 11:00 PM to 3:00 AM. The criminal investigations function is responsible for follow-up investigations, initial investigation of major and/or

technical cases, intelligence gathering as well as other duties. This function is staffed by one detective who is supervised by the Lieutenant Detective.

The City contracts with the Hamilton County Communications Center for public safety communications services, including dispatch for police, fire and EMS.

Police Collective Bargaining

HPD has one collective bargaining agreement with the Fraternal Order of Police (FOP), Ohio Labor Council, Inc (Police Officers, Sergeants, and Lieutenants) that covers all Department employees with the exception of the Chief and clerks. The terms of this agreement are for three years beginning June 1, 2008 ending May 31, 2011.

Financial History

Table 2-2 displays HPD's expenditures for 2008 through 2010.

Table 2-2: HPD Historical Expenditures

	2008	2009	% Change	2010	% Change	3 Year Change
Salaries and Wages	\$1,518,683	\$1,681,069	10.7%	\$1,665,585	(0.9%)	9.7%
Fringe Benefits	\$546,192	\$607,907	11.3%	\$611,056	0.5%	11.9%
Contractual Services	\$134,822	\$175,298	30.0%	\$133,016	(24.1%)	(1.3%)
Supplies & Materials	\$65,506	\$50,427	(23.0%)	\$64,006	26.9%	(2.3%)
Travel & Training	\$16,269	\$13,243	(18.6%)	\$12,322	(7.0%)	(24.3%)
Reimbursements / Refunds	\$122,935	\$101,602	(17.4%)	\$106,201	4.5%	(13.6%)
Capital Improvements	\$7,628	\$8,000	4.9%	\$1,177	(85.3%)	(84.6%)
Total	\$2,412,036	\$2,637,545	9.3%	\$2,593,363	(1.7%)	7.5%

Source: City of Harrison

As shown in **Table 2-2**, with the exception of salaries and wages and benefits, every expenditure category decreased from 2008 to 2010. For the three year period, salaries and wages increased 9.7 percent and benefits increased 11.9 percent. These increases can be attributed to the following:

- **A 39 percent increase in court time wage payments (approximately \$22,000)** - court time salary payments are based entirely on the court and the need to subpoena police officers. Payments fluctuate by year.
- **A 21 percent increase in the salary of the Chief (approximately \$15,000)** - the Chief and Assistant Chief got a series of salary adjustments to make a pay differential between the Chief, the Assistant Chief and the Lieutenants.
- **A 10.8 percent increase in 2009 and 1.9 percent decrease in 2010 for police salaries** - the 10.8 percent increase was partially due to an extra pay period for the year, the addition of a patrol officer, salary adjustments for the Captain and contractual pay

increases. The 1.9 percent decrease was the result of the additional pay period the previous year.

- **A 25 percent increase in sick leave payments (approximately \$12,000)** - the Chief stated that this was due to several officers taking extended sick leave due to surgeries. The Department strictly follows the sick leave verification requirements outlined in the bargaining agreement. The Chief stated that the Department implemented a Light Duty Policy where individuals that have had surgery can work light duty so that the City's workers comp rating isn't affected.
- **An 18 percent increase in payments for health care (approximately \$33,000)** - this followed the overall increase in premiums for the City.

Although total expenditures increased 7.5 percent in the three year period shown in **Table 2-2**, HPD along with all other City departments, were required to reduce expenditures by 10 percent in 2010. In order to achieve this, the Chief implemented a no overtime policy. As a result, overtime payments decreased 17 percent (approximately \$39,000) in 2010. In addition, HPD substantially decreased utilities and travel and training expenses by implementing several utilities cost saving measures.

Peer Comparison

Table 2-3 displays a comparison of demographic ratios between HPD and the peer cities.

Table 2-3: 2010 Department Expenditure Ratios

	Harrison	Madeira	Milford	Trenton	Peer Average	Difference	%
Cost per 1,000 Residents	\$262,035	\$182,826	\$281,907	\$167,340	\$210,691	\$51,345	19.6%
Cost per Square Mile	\$535,819	\$473,393	\$480,029	\$524,052	\$492,491	\$43,327	8.1%
Cost per FTE	\$108,057	\$113,953	\$108,075	\$141,868	\$121,299	(\$13,242)	(12.3%)
Cost per Call for Service	\$328	\$658	\$312	\$148	\$372	(\$44)	(13.5%)

Source: City financial reports, US Census data and the Hamilton County Engineer

As shown in **Table 2-3**, HPD expended significantly more than the peer departments when considering demographic statistics such as population and square mileage. Specifically, HPD spent approximately \$262,035 per 1,000 residents—a level 19.6 percent higher than the peer average. In addition, HPD's expenditures per square mile of \$492,491 were 8.1 percent higher than the peers. In contrast, when comparing expenditures as a function of department activity, HPD had results significantly lower than the peer average. In 2010, HPD spent approximately 12.3 less per department FTE than the peer average. Although this could possibly be the result of overstaffing, the City's cost per call for service of \$328 was also significantly lower (13.5 percent) than the peer average of \$372.

Fleet Management

HPD has a formal vehicle replacement policy that states patrol vehicles should be replaced after three years of use. According to the Chief, HPD historically was on a five year replacement cycle

which was amended to a policy requiring a three year municipal lease-to-own program. The three year replacement policy would allow the City to resell used vehicles at a higher price than the five year plan and decrease maintenance costs. HPD uses the Ohio Cooperative Purchasing to get bids on vehicles allowing the City to obtain bulk rate pricing. **Table 2-4** displays HPD's patrol fleet in comparison to the peer city departments.

Table 2-4: Fleet Comparison

	Harrison	Madeira	Milford	Trenton	Peer Average	Difference
Number of Patrol Vehicles	7	6	7	13	8.7	(23.8%)
Vehicles per Patrol Officer	0.5	0.9	0.7	1.6	1.1	(114.6%)
Average Age	2008	2008	2006	2006	2007	N/A
Average Mileage	52,323	49,981	60,448	55,183	55,204	(5.5%)

Source: HPD and the peer police departments

As shown in **Table 2-4**, HPD operates with an efficient vehicle fleet illustrated by having a ratio of vehicles per officer of 0.5 compared to the peers which averaged approximately 1.0. In addition, HPD's policy of using three leases for its fleet resulted in an average age one year newer than the peers and average mileage per vehicle 5.5 percent lower than the peer average.

Vehicle maintenance is contracted locally within the City. The City's location in the southwestern portion of the State makes it difficult to obtain vehicle maintenance outside the City at an economical price. **Table 2-5** displays vehicle maintenance costs for HPD and the peer cities.

Table 2-5: Vehicle Maintenance Comparison

	Harrison	Madeira	Milford	Trenton	Peer Average	Difference
Maintenance & Repairs	\$17,271	\$17,950	\$26,856	\$13,100	\$19,302	(11.8%)
Total Vehicles	11	8	11	16	12	(6.1%)
Maintenance Cost per Vehicle	\$1,570	\$2,244	\$2,441	\$819	\$1,835	(16.9%)

Source: Harrison and peer city financial statements

As shown in **Table 2-5**, HPD had a lower total vehicle maintenance cost and maintenance cost per vehicle than the peer average.

Policies and Procedures

Prior to 2010, HPD was certified by the Commission on Accreditation for Law Enforcement Agencies (CALEA). As a cost savings move, the City decided to forgo the certification process in 2010. As part of this certification, HPD met practices for the creation of policies and procedures, including the complete set of General Orders outlining all department operations. In addition, HPD has formal policies governing overtime, minimum staffing levels, fleet management and capital planning. Beginning in 2012, HPD will seek to regain its CALEA certification.

Recommendations

R2.1 Develop and implement performance measures to govern staffing allocations within the policing function.

The City should develop performance measures or desired staffing ratios based on demographic and/or operational information in order to balance the level of police service it provides.

HPD does not have a formal methodology for allocating staffing to its policing function. The City does not use staffing ratios such as officers per square mile, resident, call for service, etc. developed to ascertain desired staffing levels. Additionally, the average police officer costs the City approximately \$69,700 based on starting wage and 36.7 percent benefits ratio. **Table 2-6** displays total HPD staffing in relation to demographic statistics in comparison to the peer cities.

Table 2-6: Staffing in Relation to City Demographics

	Harrison	Madeira	Milford	Trenton	Peer Average	Difference	% Difference
Total Department Staffing	24.0	14.0	17.5	14.0	15.2	8.8	36.8%
Workload Measures							
Residents	9,897	8,726	6,709	11,869	9,101	796	8.0%
Sworn Officer FTEs per 1,000 Residents	2.2	1.2	1.6	1.3	1.4	0.9	38.6%
Patrol Officer FTEs per 1,000 Residents	1.4	0.7	1.0	0.8	0.8	0.6	41.7%
Detective FTEs per 1,000 Residents	0.1	0.1	0.1	0.1	0.1	0.0	0.0%
Administrative FTEs per 1,000 Residents	0.2	0.2	0.2	0.1	0.2	0.0	16.7%
Total FTEs per 1,000 Residents	2.4	1.4	1.8	1.4	1.5	0.9	36.8%
City Square Miles	4.8	3.4	3.9	3.8	3.7	1.1	23.6%
Sworn Officer FTEs per Square Mile	4.3	3.6	3.9	3.4	3.6	0.7	16.1%
Patrol Officer FTEs per Square Mile	2.9	2.1	2.4	2.1	2.2	0.7	24.0%
Total FTEs per Square Mile	5.0	4.2	4.4	3.7	4.1	0.9	17.4%

Source: Harrison, peer cities, Hamilton County Engineer, Ohio Department of Development and the Hamilton County Communications Center

As shown in **Table 2-6**, HPD has significantly more FTEs per 1,000 residents than all three peers and has a total staffing level that is 36.8 percent higher than the peer average. When just sworn officers and patrol officers are considered-- staffing per 1,000 residents is 35.7 percent and 41.7 percent higher than the peer average respectively. When assessing staffing based on the size of the city (square mileage), HPD was also staffed higher in terms of total FTEs and officers. Specifically, HPD has almost one additional FTE per square mile than the peer average and an additional 0.7 FTE per square mile when just officers are considered.

When assessing staffing levels, demographic data such as population and square mileage are important metrics that should be considered, however, these metrics should not be

considered individually. Additional measurements that show departmental activity should be included and any assessment should be made on the collective data analysis. **Table 2-7** displays important activity metrics for HPD and compares them to the peer cities.

Table 2-7: 2010 Department Operational Ratios

	Harrison	Madeira	Milford	Trenton	Peer Average	Difference	% Difference
Calls for Service per Total FTE	329	173	347	960	493	(164)	(49.9%)
Arrests per Total FTE	53	22	32	44	33	20	38.0%
Citations per Total FTE	148	22	128	64	71	76	51.6%
Violent Crime Offenses per Total FTE	0.2	0.1	0.9	N/A	0.5	(0)	(140.0%)
Property Crime Offenses per Total FTE	12	8	22	N/A	15	(3)	(22.9%)
Average Response Time - All Calls	4:36	3:30	4:24	4:28	4:07	0:29	10.4%

Source: HPD and peer police departments, Federal Bureau of Investigation and the Hamilton County Communications Center

As shown in **Table 2-7**, HPD had a high level of activity per employee when compared to the peer departments. Despite having almost 50 percent fewer calls for service than the peer average, HPD had 38.0 percent more arrests per officer and more than twice as many citations issued.

Data presented in **Tables 2-6** and **2-7** displays differing metrics on departmental staffing levels. Based on demographic data, HPD had approximately 8 more FTEs per 1,000 residents and approximately 4 more FTEs per square mile than the peer average. In contrast, when considering staffing levels based on departmental activity, HPD was staffed at a lower level in comparison to the peers. Therefore, City administrators must decide on the level of police service that the City wishes to provide. Developing staffing ratios based on desired metrics would help the City to identify the level of police service it wishes to provide and staff the Department accordingly.

R2.2 Renegotiate FOP contract provisions that negatively impact the City's financial condition.

The City should seek to renegotiate provisions within the collective bargaining agreement with the FOP that are overly generous when compared to the peers or may be in excess of recommended practices. These include the following:

- **Special duty pay;**
- **A reduction in call out hours and guaranteed hours;**
- **A reduction in the sick leave accrual rate;**
- **A reduction in maximum sick leave payout; and**
- **A reduction in vacation leave accrual rates.**

The renegotiation of these provisions could result in significant savings for the City.

With the exception of the Chief and the clerks, all HPD employees are covered under a bargaining agreement with the FOP. Provisions in the negotiated agreement have been agreed upon by City administrators and the FOP and will expire on May 31, 2011. The following provisions were identified as being more generous than the relevant benchmarks:

- **Special duty pay:** The contract states a police officer who performs duties within any special patrol assignment, as assigned by the Chief of Police, such as, but not limited to: D.A.R.E., and SRO shall receive an additional \$.50 per hour during which the officer is assigned to such duties. None of the three peer cities offered special duty pay.
- **Call out hours:** The contract states that police officers shall receive a minimum of four call out hours at their current rate of pay, at time and one-half, for any call out, during scheduled off time, to an on-duty status. HPD's minimum of four call out hours exceeded the lowest minimum of two call out hours for Milford and Trenton.
- **Court appearances:** The contract states that a police officer required to appear in Hamilton County Municipal Court, before the grand jury in the court of common pleas or other federal or state court of competent jurisdiction shall be paid a minimum of four hours pay at his/her current rate of pay for his/her actual time spent, whichever is greater. This time shall be paid at the rate of one and one-half times. Providing four hours for these court appearances exceeds the minimum of three hours for all three peers.
- **Sick leave accrual:** The contract states that employees are entitled to paid sick leave days, to be accrued from the date of employment at the rate of 2.5 hours per week to a total of one hundred thirty hours per calendar year. HPD's accrual rate of 130 hours per year compared to accrual rates of 120 hours, 96 hours and 80 hours for Madeira, Milford and Trenton respectively.
- **Sick leave payout:** The contract states that, upon retirement as certified by the State Police Retirement System, members with eight or more years of continuous employment with the City are entitled to redeem the accumulated unused hours of sick leave at the rate of sixty percent of a maximum of 1,500 hours. HPD allows a maximum sick leave pay out of 900 hours compared to maximum payouts of 272 hours, 60 hours and 600 hours for Madeira, Milford and Trenton respectively.
- **Vacation leave accrual:** The contract states that members are entitled to paid vacation when they have completed one year's service with the City. At that time, and thereafter, they are eligible to receive paid vacations at accrual rates that are higher for every experience classification in comparison to the three peer departments.

Including provisions like those listed above that are excessive or overly generous in comparison to the peers could result in increased expenditures. The renegotiation of these provisions during the next bargaining session could result in savings for the City. Should these provisions be renegotiated to the peer average the City could potentially save the following:¹¹

- **Sick leave accrual rate:** A reduction to 99 hours per year (average of the peers) coupled with more aggressive sick leave management could result in a 23 percent reduction in sick leave used. Based on 2010 HPD sick leave expenditures, this could save the City

¹¹ The City was unable to provide a cost breakout on special duty pay.

approximately \$14,700 annually.

- Sick leave payout.¹²
- Vacation accrual: Based on the vacation accrual rates outlined in the contract, over 25 years, a police officer can accrue 502.5 vacation days. In the peer cities, the average police officer at the peer cities accrues 454.5 days, a difference of 48 hours or approximately 1.9 days per employee per year. Assuming 22 police officers with an average wage of \$27.31, a reduction in vacation accrual could save the City up to \$9,200 annually.

Provisions in negotiated agreements that appear more generous than those typical to similar sized cities can result from prior negotiations and periods when City officials were unable to offer direct salary increases. Over the course of time, though, these provisions can become costly to maintain.

Financial Implication: Renegotiating selected provisions in the FOP bargaining agreement could save the City \$23,900 annually.

R2.3 Enhance the monitoring of sick leave and take steps to reduce sick leave use.

HPD should enhance efforts to monitor sick leave usage by creating a formal sick leave policy that outlines what is considered sick leave abuse. Monitoring efforts and policy creation could be aided by reviewing recommended practices in *Absence Management: Strategies for Curbing Absenteeism in the Workplace*.

According to HPD's negotiated agreement, employees are entitled to paid sick leave days at the accrual rate of 2.5 days per week for a total of 130 hours per calendar year. **Table 2-8** displays HPD's sick leave usage for 2008 through 2010 and compares the average to the 10 year average of the Ohio Department of Administrative Services (DAS).

Table 2-8: HPD Sick Leave Usage

	2008	2009	Change	2010	Change	3 Year Average	DAS 10 Year Average	Difference	% Difference
Sick Hours Used/FTE	72.6	55.5	(23.6%)	83.3	50.1%	70.5	35.2	35.3	50.0%
Sick Time Paid	\$47,756	\$37,105	(22.3%)	\$61,308	65.2%	\$48,723			
Percentage of Salaries	3.1%	2.2%	(0.9%)	3.7%	1.5%	3.0%			

Source: Harrison payroll department and DAS

As shown in **Table 2-8**, HPD employees took an average of 83.3 sick leave hours per employee in 2010. This level of leave use was the highest of the three years displayed due to the extended absence of four employees. Because of this, the Chief believes that sick leave will return to more normal levels in 2011. From 2008 through 2010, HPD employees took an average of 70.5 hours

¹² The City has not had recent sick leave payouts for the Police Department and was therefore unable to provide a cost estimate.

of sick leave per employee, representing 3 percent of total salary expenditures. DAS reports average sick leave used by public employees in Ohio based on information obtained from several bargaining units. Among the bargaining units contained in the DAS report is the FOP. For the previous ten year period (2001-2010) the average FOP employee took approximately 35 hours of sick leave, 50 percent lower than the HPD three-year average.

Developing a sick leave policy that incorporates pertinent elements and monitoring sick leave use along with amending the sick leave accrual rate should enable HPD to decrease the level of sick leave taken by employees.

Public Safety - Fire

Background

This section of the performance audit focuses on the Harrison Fire Department (HFD). Sources of leading or recommended practices and industry standards include the National Fire Protection Association (NFPA), and the Ohio Revised Code (ORC).

Organization and Staffing

HFD serves the City of Harrison and Harrison Township in Ohio as well as West Harrison and portions of Dearborn County in Indiana. The area of service encompasses approximately 45 miles and provides service for an estimated 21,000 residents. HFD operates two stations with the downtown location serving as department headquarters. HFD operates with 30 full-time and 26 part-time employees. **Table 3-1** displays department staffing and shows employee headcount in terms of full time equivalent (FTE) employees.

Table 3-1: HFD Staffing

	Headcount	FTE
Chief	1.0	1.0
Captain	3.0	3.0
Lieutenant	6.0	4.0
Firefighters	47.0	25.3
Full-time	19.0	15.0
Part-time	26.0	10.3
Administrative	1.0	1.0
Total	56.0	34.3

Source: HFD

HFD operates with a three-shift system where firefighter/EMTs work 24 hours on-duty followed by 48 hours off-duty, with a 50 hour average workweek. The Fire Chief (Chief) and the administrative assistant work four 10-hour shifts, or 40 hours per week. The Fire Inspector, who holds the rank of Lieutenant works four 12 hour days. For staffing purposes, HFD can be divided into three classifications as follows:

- **Administration:** This classification consists of the Chief and an administrative assistant (2 FTEs). The Chief is responsible for overseeing all Department operations.
- **Fire Prevention:** This classification consists of 1.0 FTE lieutenant who works 4 twelve hour days. The Lieutenant is responsible for filing and keeping current all pre-fire plans for all businesses, schools, industries, and other buildings.
- **Fire Suppression/Emergency Medical Services:** This classification consists of 3 captains, 3 lieutenants and 21 full time firefighters and 26 part time members. These

employees are responsible for conducting fire/rescue and medical response operations, and responding to hazardous conditions such as gas leaks, downed power lines, and chemical emergencies.

Operations

In 2008, Harrison voters renewed a tax levy for fire services and in 2009 Harrison Township voters also approved a levy for fire services. For operational purposes, HFD consists of the following divisions: administration, emergency operations, fire prevention, public education, and training. Each division is responsible for the following:

- **Administration** – responsible for the overall operations of the Department including planning, budgeting and purchasing.
- **Emergency Operations** - provides for safe, effective, quick response to fire, rescue, emergency medical, and natural disaster incidents. This division also provides quality improvements pertaining to emergency responses and personnel performance through ongoing review of incident management activities and operational techniques.
- **Fire Prevention** – responsible for minimizing loss of life and property in the community due to fire and/or hazardous conditions. This division performs fire safety inspections, creates and maintains pre-plans, and fire code enforcement.
- **Public Education** – this division is responsible for educating the community regarding the services provided by HFD and how they play a critical role in determining the outcome of an emergency incident.
- **Training** – responsible for ensuring that training and continuing education requirements of state and local organizations are met.

Table 3-2 shows a comparison of key operating indicators for HFD and the peers.

Table 3-2: Operational Comparison

	Harrison	Madeira/ Indian Hill	Madison	Miami	Perrysburg	Peer Average	Difference
Total FTEs	34.3	25.0	47.9	44.5	18.7	34.0	0.8%
Population	21,119	15,171	21,000	31,540	12,512	20,055	5.3%
FTEs per 1,000 Residents	1.6	1.7	2.3	1.4	1.5	1.7	(4.9%)
Square miles	45.0	22.0	40	22.0	39.0	30.8	46.3%
FTEs per Square Mile	0.8	1.1	1.2	2.0	0.5	1.2	(37.0%)
Total Runs	1,904	1,681	5,553	4,102	1,581	3,229	(41.0%)
Runs per FTE	55.5	67.2	115.9	92.2	84.5	90.0	(38.3%)
Runs Per 1,000 Residents	90.2	110.8	264.4	130.1	126.4	157.9	(42.9%)
Runs per Square Miles	42.3	76.4	138.8	186.5	40.5	110.6	(61.7%)

Source: HFD and peer departments

As shown in **Table 3-2**, although HFD has a larger population and area served than the peer average, total activity for 2010 was significantly lower when judged by runs made. Specifically, HFD provided fire service to 5.3 percent more residents and an area 14.2 square miles (46.3 percent) larger than the peer average. Despite being larger, however, HFD made 1,325 fewer runs than the peer average in 2010. When examining service coverage, HFD had 1.6 FTEs per 1,000 residents, a level comparable to the peer average of 1.7 FTEs. When comparing service coverage based on area, HFD was significantly lower than the peer average.

When considering runs made, HFD was significantly lower number than the peer average. In 2010, HFD made approximately 90 runs per 1,000 residents, a number lower than all three peers and 42.9 percent lower than the peer average. When analyzing runs based on total area, HFD fell further short of the peer average. In 2010, HFD made approximately 42 runs per square mile. Although the peer data fluctuated greatly, HFD's runs per square mile ratio was 61.7 percent lower than the peer average.

When analyzing the efficiency and effectiveness of a fire department, an organization's ISO rating and response times go beyond operational data and provide an indication of the service provided. ISO has created the Fire Suppression Rating Schedule (FSRS) which provides a uniform rating of communities' capabilities in fighting fires. This rating is based on factors such as a city's alarms and dispatch system, number of engine companies and water supply. Aside from a city's ISO rating, analyzing response times also provides an indication of a community's ability to provide efficient response to emergency dispatches. **Table 3-3** displays ISO ratings and response times for HFD and the peer departments.

Table 3-3: Department Efficiency Comparison

	Harrison	Madeira/ Indian Hill	Madison	Miami	Perrysburg	Peer average	Difference
Number of Stations	2	4	2	2	1	2	N/A
ISO Rating	2	4/9	5/9	4/4	5/8B	4.5/7.5	N/A
Minimum Staffing	8	11	11	8	4	8.5	(5.9%)
Average Fire Response Times	5:09	6:39	5:17	4:48	8:41	6:21	(19.0%)
Average EMS Response Times	5:33	6:25	5:03	5:34	8:41	6:25	(13.7%)

Source: HFD and peer departments

As shown in **Table 3-3**, HFD had a lower ISO rating than all four peer departments indicating greater fire-fighting effectiveness. In addition, HFD's average response times for fire and EMS dispatches were 19.0 percent and 13.7 percent lower than the peer average respectively. Therefore, despite having a comparable number of firefighters in relation to population and a lower number of firefighters in relation to area, HFD's was able to provide quicker response times and a higher level of service as rated by ISO.

Financial Data

Table 3-4 shows HFD actual expenditures from 2007 through 2009, and the budget for 2010.

Table 3-4: HFD Historical Expenditures

	2008	2009	Percent Change	2010	Percent change
Salaries and Wages	\$1,451,282	\$1,930,597	33.0%	\$1,992,125	3.2%
Fringe Benefits	\$497,382	\$634,506	27.6%	\$683,710	7.8%
Contractual Services	\$203,629	\$239,892	17.8%	\$411,972	71.7%
Supplies & Materials	\$129,980	\$99,582	(23.4%)	\$121,199	21.7%
Travel & Training	\$34,457	\$52,407	52.1%	\$44,486	(15.1%)
Reimbursements / Refunds	\$0	\$0	0.0%	\$0	0.0%
Capital Improvements	\$106,894	\$49,893	(53.3%)	\$9,859	(80.2%)
Other	\$0	\$0	0.0%	\$35,919	100.0%
Total	\$2,423,624	\$3,006,877	24.1%	\$3,299,270	9.7%

Source: Harrison financial statements

Table 3-4 shows that HFD total expenditures increased 24.1 percent in 2009 and an additional 9.7 percent in 2010. The primary driver of increased expenditures in 2009 was the addition of 6.0 FTE firefighters. This is apparent in the 33 percent increase in salaries and an approximately 28 percent increase in benefits.

Table 3-5 displays 2010 expenditure ratios for HFD in comparison to the peer fire departments.

Table 3-5: 2010 Expenditures Ratio Comparison

	Harrison	Madeira/ Indian Hill	Miami	Perrysburg	Peer average	Difference
Total Expenditures	\$3,299,270	\$2,834,109	\$5,329,842	\$2,614,653	\$3,592,868	(8.2%)
Expenditures per FTE	\$96,189	\$113,364	\$119,772	\$139,821	\$124,319	(22.6%)
Expenditures per 1,000 Residents	\$156,223	\$186,811	\$168,987	\$208,972	\$188,256	(17.1%)
Expenditures per Square Mile	\$73,317	\$128,823	\$242,266	\$67,042	\$146,044	(49.8%)
Expenditures per Run	\$1,733	\$1,686	\$1,299	\$1,654	\$1,546	12.1%

Source: HFD and peer cities

As shown in **Table 3-5**, HFD expended approximately 9 percent less than the peer department average in 2010. When examining expenditures as a function of key departmental data, HFD was lower than all ratios shown with the exception of expenditures per run. Specifically, HFD spent approximately 29 percent (\$28,130) less per department FTE than the peer average.

Recommendations

R3.1 Renegotiate IAFF collective bargaining provisions that are costly to the City.

The City should seek to renegotiate provisions within the collective bargaining agreement with the IAFF that are overly generous when compared to the peers or may be in excess of recommended practices. These include the following:

- **Elimination of overtime accrual eligibility when leave time is taken;**
- **Elimination of guaranteed hours for court appearance;**
- **A reduction in vacation leave accrual rates;**
- **Elimination of officers receiving additional leave;**
- **Elimination of pour in vacation allotment¹³;**
- **A reduction of holiday pay provision; and**
- **A reduction in maximum hours paid out at retirement.**

The renegotiation of these provisions could result in significant savings for the City.

With the exception of the Chief and his assistant, part-time employees, casual, seasonal and student employees, and any other employee excluded by Chapter 4117 of the ORC, all employees of HFD are covered under a bargaining agreement with the Harrison Professional Firefighters, International Association of Fire Fighters (IAFF) Local 3204. Provisions in this contract have been agreed upon by City administrators and representatives of the IAFF. This three year agreement will expire on May 31, 2012.

The following provisions in the IAFF collective bargaining agreement were overly generous when compared to the peer department contracts.

- **Sick and Vacation Leave:** The contract states sick hours and vacation days shall be counted as hours worked for the purpose of calculating overtime. Miami, Madeira/Indian Hill, and Perrysburg all must work 212 hours in a month before overtime is calculated.
- **Guaranteed Hours:** The contract states that an employee required to appear in court, due to employment with the City, or as a result of performance of his/her duties, shall be paid a minimum of two hours for Mayor's Court and four hours for all other court appearances at the rate of time one and one-half the employee's full-time rate of pay, if that employee is required to attend while off duty. None of the peers offered court appearance guarantees.
- **Vacation Accrual:** The contract states that members are entitled to a paid vacation when they have completed one year's full-time service. The contract also states an employee may take all or part of pay in lieu of vacation time or bank unused vacation hours up to 72 hour per year maximum. HFD has higher accrual rates than stated in OAC 325.19 and

¹³ Firefighters receive a lump sum of their annual vacation hours at the beginning of the year as opposed accruing hours each pay period.

its elevated vacation accrual rate could drive salary costs higher through increased overtime or vacation payouts.

- **Leave for Officers:** The contract states lieutenants and captains shall receive an additional 24 hours of vacation above the amounts listed in section 27.1. None of the peers offered additional leave time for lieutenants and captains. However, the salary is kept the same for officers for staffing purposes.
- **Pour in Allotment:** The contract states in accordance with the vacation schedule set forth at section 27.1, all accrual of vacation hours after the employee's initial one year service date has been met, shall accrue on January 1 of each year the employee serves. Madison, Miami and Perrysburg all offer standard biweekly vacation accrual.
- **Holiday Pay:** The contract states all full-time 24/48 employees receive 95 hours holiday pay at the employee's regular rate of pay, this separate check shall be distributed with the first paycheck in November. Madison, Miami and Perrysburg do not offer a provision like this.
- **Retirement Pay:** The contract states that upon retirement through the retirement system, an employee with at least fifteen years of service with the City shall receive 65 percent of his accumulated unused sick leave, with a limit of up to a total amount of 1,750 accumulated sick hours, as severance payment. Madison (50 percent of 1,800 hours), Madeira and Indian Hill (payment not to exceed 720 hours) and Perrysburg (25 percent of first 1,000 hours and 50 percent of the next 1,250 hours) all have lower pay out rates than HFD.
- **Injury Leave:** The contract states that in the event an employee is killed in the line of duty, the surviving spouse or guardian of the employee's minor children shall receive the deceased employee's salary and hospitalization insurance for a period of six (6) months. Compensation shall be at the deceased employee's scheduled rate of pay at his or her time of death. No other peer has a similar provision.

In addition to those provision listed above, the IAFF collective bargaining agreement contained a provision that allocates a salary payment equal to six months pay for employees killed in line of duty. None of the peer district contracts contained a similar provision.

Including overly generous provisions in the negotiated agreement can result in an elevation of expenditures, particularly in salary and benefits. Should the remaining provisions be renegotiated to the peer average the City could potentially save the following:

- **Vacation Accrual:** Based on the vacation accrual rates outlined in the contract, over 25 years, firefighters can accrue 4,944 vacation hours. In the peer cities, the average firefighter accrues 4,446 hours, a difference of 448 hours or approximately 20 hours per employee per year. Based on 25 full time firefighters with an average wage of \$21.96, a reduction in vacation accrual could possibly save the City up to *\$10,900 annually*.

- **Holiday Pay:** The City could save approximately *\$21,000 annually* if it elected to pay firefighters at time and one half pay for holidays actually worked.

Financial Implication: Renegotiating selected provisions in the IAFF collective bargaining agreement could save the City *\$31,900 annually*.

R3.2 Improve management of EMS billing contract and annually review EMS fee structure.

The City should periodically solicit and review proposals from several EMS billing providers, include performance measures in the eventual contract (e.g. collection rates), and monitor adherence with these measures to ensure the selected provider performs at an optimal level. The City should also annually review the EMS fees to ensure they reflect the true cost of providing this service. Furthermore, the City should consider whether it is in the best interest of the community and its citizens to continue the implementation of the no contact clause for transporting city residents.

HFD provides basic life support (BLS) and advanced life support (ALS) EMS services for the City of Harrison, Harrison Township, Dearborn County and the town of West Harrison. HFD uses a paper-based system for EMS billing payments for these services. After an individual is transported to a medical facility the paramedic completes the paperwork for the run. This information is submitted to the EMS billing provider who then pursues payment and charges 8 percent of the City's EMS billing revenue. The fee structure for transports is recommended by the EMS billing provider based on its experience with insurance companies and surrounding fee schedules. The City's EMS billing provider will seek payment from every individual transported by HFD; however, the City has a no contact clause for residents. This clause results in all self-pays and co-pays being automatically written off for City residents. In 2010, resident write-offs totaled \$152,437.

City Council implemented a no contact clause in order to alleviate additional cost to residents as individual taxes support the Fire Department and other services. Due to the no contact clause the City is forfeiting revenue generated from transporting its residents. In 2010 the City wrote off \$152,000 for providing EMS to its residents.

Public Works

Background

This section of the report focuses on the operations of the City of Harrison's Public Works Department. Processes were reviewed, evaluated, and compared with leading practices, industry benchmarks, operational standards, and the Ohio Revised Code (ORC). Likewise, peer cities were used for comparison purposes, and include Trenton, Milford, and Madeira.

Overview

The Public Works Department consists of three primary divisions: Harrison Water Department (HWD), Harrison Sewer Department (HSD) and City Services. Administrative duties within the Public Works Department are the responsibility of the full-time Public Works Director (the Director). The Director is charged with planning, budgeting and staff human resource functions among other duties. The Department also staffs a full-time administrative assistant who provides administrative support functions to all three divisions. **Table 4-1** displays staffing headcount and full-time equivalent (FTE) employees for the Public Works Department.

Table 4-1: Public Works Staffing

	Headcount	FTE
Director	1	1.0
Secretary/Billing Clerks	3	2.5
Plant Coordinator	2	2.0
Plant Operator	4	4.0
Utility Tech	3	3.0
Streets/Service	8	8.0
Total	19	20.5

Source: Public Works Department

In 2010, the Public Works Department expended approximately \$4.4 million, an 11 percent decrease from a peak of over \$5.0 million in 2009. Due to significant growth of the City, public works expenditures have increased greatly in the past decade due to providing water and sewer services to an expending area.

Water Department

HWD is responsible for the pumping, purification and distribution of water to both residential and commercial customers. The City draws water from six wells which is then treated to remove iron and manganese. The facility has a rated capacity of 2.93 million gallons per day (MGD) and an average daily production of 1.13 MGD (2010). **Table 4-2** displays five years of historical operating financial data for the Water Operating Fund. It should be noted that the data presented

in **Table 4-2** are presented on accrual basis. As a result, depreciation is included in operating expenditures.

Table 4-2: Water Operating Fund 5 Year History

	2006	2007	2008	2009	2010
Revenues	\$1,414,789	\$1,440,960	\$1,323,006	\$1,230,821	\$1,306,940
Expenditures	\$991,107	\$815,194	\$992,731	\$1,162,189	\$1,159,129
Operating Income	\$423,682	\$625,766	\$330,275	\$68,632	\$147,811

Source: City of Harrison financial audits

As shown in **Table 4-2**, HWD revenues covered operating expenditures in every year displayed. While revenues remained relatively steady, a significant spike in expenditures occurred in 2009 and 2010 due to large scale capital improvements to the infrastructure. As a result, operating income in these two years decreased severely.

Revenues and expenditures generated for the provision of utility services are accounted for using an enterprise fund method of accounting. Enterprise funds are established when a governmental entity provides goods and/or services to the general public in exchange for user charges or fees. **Table 4-3** displays the ending fund balance for the Water Operating Fund.

Table 4-3: Water Operating Fund Historical Financial Data

	2008	2009	Difference	2010	Difference
Ending Fund Balance	\$2,089,051	\$1,418,621	(32.1%)	\$1,375,111	(3.1%)

Source: Harrison financial reports

As shown in **Table 4-3**, the Water Operating Fund has produced a positive ending fund balance in all years displayed. The Fund, however, has incurred a 34.1 percent (\$670,430) decrease since 2008 due to the following:

- An overall decrease in water purchased and an increase in delinquent accounts due to the poor economy. In 2009, revenues from water service decreased approximately \$73,000.
- A decline in revenues from water taps of approximately \$13,000 as housing and commercial developments slowed during this period.
- A 31.7 percent increase in salaries and 19.3 percent increase in benefits due to the shift of 90 percent of the Water Department Secretary's salary to the Water Operating Fund and providing the Director with retirement pickup beginning in 2009.
- Transfers of approximately \$223,000 and \$860,000 to the Water Improvement Fund in 2008 and 2009 respectively for capital improvements.

Operations

HWD operates with a staff of 4.8 FTEs. This staffing level includes a Water Treatment Plant Operator (1.0 FTE), a Water Utility Tech (1.0 FTE), a Water Plant Operator I (1.0 FTE) and

three secretary/billing clerks (1.8 FTEs). **Table 4-4** displays HWD's staffing in comparison to the peer cities. Ratios used in the analysis are based on 2010 operating data.

Table 4-4: Water Operations Staffing Comparison

	Harrison	Milford	Trenton	Peer Average	Difference
Total FTEs	4.8	7.0	4.5	5.8	(17.4%)
Total Water Accounts	4,076	2,085	4,486	3,286	24.1%
Accounts per FTE	858	298	997	647	32.6%
Total Usage (MGD)	1.14	0.58	1.22	0.90	26.7%
MGD per FTE	0.24	0.08	0.27	0.18	35.5%

Source: HWD and peer cities

As shown in **Table 4-4**, HWD had one less FTE than the peer average despite having approximately 24 percent more water accounts. HWD's staffing level resulted in an accounts per FTE ratio of 858, a level 32.6 higher than the peer average. In addition, HWD's employee productivity was higher as witnessed by total usage 26.7 percent higher than the peer average. On a per employee basis, HWD's system produced approximately 60,000 more gallons per employee per day than the peer average. **Table 4-5** displays operating statistics for HWD for 2008 through 2010 and compares 2010 to the peer cities.

Table 4-5: Water Operating Ratio Comparison

	2008 Harrison	2009 Harrison	2010				Difference
			Harrison	Milford	Trenton	Peer Average	
Operational Revenue	\$1,323,006	\$1,230,821	\$1,279,496	\$726,730	\$1,282,638	\$1,004,684	27.4%
Operational Expenditures	\$992,731	\$1,162,189	\$1,323,006	\$993,892	\$1,028,120	\$1,011,006	30.9%
Gallons Treated	415,463,000	407,805,000	427,788,000	210,000,000	446,000,000	328,000,000	30.4%
Expenditures per 1,000 Gallons	\$2.39	\$2.85	\$3.09	\$4.73	\$2.31	\$3.52	(12.1%)
Cost to Produce One Gallon	\$0.0024	\$0.0028	\$0.0031	\$0.0047	\$0.0023	\$0.0035	(12.1%)
Collections Per 1,000 Gallons	\$3.18	\$3.02	\$2.99	\$3.46	\$2.88	\$3.17	(5.6%)
Total FTEs	6.5	6.5	5.5	7.0	4.5	5.8	(4.3%)
Operating Expenditures per FTE	\$152,728	\$178,798	\$240,547	\$141,985	\$228,471	\$185,228	29.9%
Total Max Capacity (millions)	2.93	2.93	2.93	1.20	3.00	2.10	39.5%
Percentage of Max Capacity Used	38.8%	38.1%	40.0%	47.9%	40.7%	44.3%	(9.8%)

Source: Harrison and peer city financial reports and public works departments

As shown in **Table 4-5**, HWD's operating revenues and expenditures were significantly higher than the peer average as the City recoups costs for growing operations and infrastructure. Despite significantly higher expenditures, HWD operated with fewer employees than the peer average and treated approximately 30 percent more gallons, signifying capital related expenditures as a major cost driver. In 2010, HWD's expenditures per 1,000 gallons and per gallon were 12.1 percent lower than the peer average. In contrast, HWD's collections per 1,000 gallons of \$2.99 was 5.6 percent lower than the peers.

Although several municipalities in Southern Ohio own and operate water treatment facilities, by far the largest provider of treated water is Greater Cincinnati Water Works (GCWW). In 2010, GCWW treated over 47 billion gallons of water. Although the treatment system is far larger than HWD, it is important to include the operating ratios in the analysis as GCWW provides service to a majority of areas surrounding the City of Harrison, including the peer city of Madeira. Therefore, when including GCWW's expenditures per 1,000 gallons of \$2.48, expenditures per gallon of \$.0025 and collections per 1,000 gallons of \$2.65 the resulting peer averages are displayed in **Table 4-6**.

Table 4-6: Water Operating Ratio Comparison with GCWW Included

	Harrison	Peer Average	Difference
Expenditures per 1,000 Gallons	\$3.09	\$3.17	(2.5%)
Cost to Produce One Gallon	\$0.0031	\$0.0032	(2.5%)
Collections Per 1,000 Gallons	\$2.99	\$2.99	(0.1%)

Source: Harrison, GCWW and peer city financial reports and public works departments

Note: GCWW data for 2010 is unaudited.

As shown in **Table 4-6**, HWD expenditures per 1,000 gallons and to produce one gallon remained below the peer average with GCWW included signifying efficient operations. In addition, Harrison was able to treat and sell water for a lower cost than GCWW sells to surrounding areas.

Wastewater Treatment and Sewer Department

The Harrison Sewer Department (HSD) operates and maintains a sanitary sewer collection and treatment system that services customers in and around the City. The system uses influent pumping, flow equalization, screening grit and grease removal, oxidation ditches, clarification, sledge collection and dewatering, and UV disinfection. Major upgrades completed throughout the 40 year history of the system have increased total capacity to 2.75 MGD.

Financial Analysis

Table 4-7 displays five years of historical operating financial data for the Sewer Fund. It should be noted that the data presented in **Table 4-7** are presented on accrual basis. As a result, depreciation is included in operating expenditures.

Table 4-7: Sewer Fund 5 Year History

	2006	2007	2008	2009	2010
Revenues	\$2,300,271	\$2,180,547	\$2,256,101	\$2,435,098	\$2,833,348
Expenditures	\$1,520,651	\$1,574,943	\$1,707,522	\$1,860,019	\$1,818,220
Operating Income	\$779,620	\$605,604	\$548,579	\$575,079	\$1,015,128

Source: City of Harrison Financial Audits

As shown in **Table 4-7**, HSD revenues covered operating expenditures in every year displayed. Unlike the Water Operating Fund however, expenditures for sewer service has continued to increase, more than doubling in the time period displayed.

As with the Water Operating Fund, revenues and expenditures generated for the provision of sewer services are accounted for using an enterprise fund method of accounting. As a result, administrators must determine whether user charges are commensurate with operating costs (both present and future) whether costs are reasonable in relation to benefits. **Table 4-8** displays the ending fund balance for the Sewer Fund.

Table 4-8: Wastewater Operating Fund Ending Fund Balance

	2008	2009	Percentage Change	2010	Percentage Change
Ending Fund Balance	\$951,119	\$1,185,973	24.7%	\$1,437,622	21.2%

Source: City of Harrison Fund Report

As shown in **Table 4-8**, the Wastewater Operating Fund has produced a positive ending fund balance in all years displayed. In contrast to the Water Operating Fund, however, the Wastewater Operating Fund year-end balance increased significantly in every year displayed. In total, the ending fund balance increased approximately 51 percent from 2008 to 2010 due to the following:

- Increases for sewer service of 10.4 percent and 12.2 percent in 2009 and 2010 respectively resulting from new service provided to commercial customers in the Joint Economic Development District (JEDD);
- A 70 percent increase in fees in 2009 for monitoring service to ensure industrial customers are within the tolerable waste water pollution criteria;
- An approximate 12 percent decrease in salaries in 2009 resulting from shifting of a portion of the salary of two employees to the water fund to properly allocate salaries in accordance with employee duties; and
- Decreases of 70 percent and 23 percent in capital and long term debt respectively.

Operations

HSD operates with a staff of 6.8 FTEs. Included in this staff is a Wastewater Coordinator (1.0 FTE), an Industrial Technician (1.0 FTE), a Utility Technician (1.0 FTE) two Plant Operators (2.0 FTEs) and three secretary/billing clerks (1.8 FTEs). **Table 4-9** displays HSD's staffing and other operational statistics in comparison to the peer cities. It should be noted that the City of Madeira contracts the Metropolitan Sewer District of Greater Cincinnati (MSD) and does not have wastewater system employees. In addition, Trenton contracts for sewer service and operates the billing function in-house.

Table 4-9: Sewer Operations Staffing Comparison

	Harrison	Milford	Trenton	Peer Average	Difference
Total FTEs	6.8	4.0	1.0	2.5	170.0%
Billing FTEs	0.8	1.0	1.0	1.0	(25.0%)
Operational FTEs	6.0	3.0	N/A	N/A	N/A
Total Wastewater Accounts	3,437	2,085	4,450	3,268	5.2%
Accounts per FTE	509	521	4,450	2,486	(79.5%)
Accounts per Billing FTE	4,583	2,085	4,450	3,268	40.2%
Accounts per Operational FTE	573	695	N/A	N/A	N/A

Source: HSD and the peer cities

As shown in **Table 4-9**, Milford and Trenton have full utility billing functions. When examining billing FTE per account, Harrison had approximately 40 percent more accounts per FTE than the peer average indicating efficient operations. In addition, when omitting long term debt expenditures, Harrison's percentage of waste water expenditures allocated for employee salaries was approximately 27 percent, in line with the allocations of Milford and Trenton.

Table 4-10 displays the City's waste water treatment operational data and compares it to the peer cities.

Table 4-10: Wastewater Operating Ratio Comparison

	2008	2009	2010			Peer Average	% Difference
	Harrison	Harrison	Harrison	Milford	Trenton		
Operational Revenue	\$2,090,594	\$2,578,180	\$2,731,475	\$628,210	\$1,440,009	\$1,034,110	164.1%
Operational Expenditures	\$2,847,678	\$2,348,337	\$2,500,553	\$766,898	\$1,479,602	\$1,123,250	122.6%
Gallons Treated (in 000s)	415,463	407,805	427,788	240,630	446,000	343,315	24.6%
Expenditures per 1,000 Gallons	\$6.85	\$5.76	\$5.85 ¹	\$3.19	\$3.32	\$3.25	79.7%
Cost to Treat 1 Gallon	\$0.0069	\$0.0058	\$0.0058	\$0.0032	\$0.0033	\$0.0033	79.7%
Collections Per 1,000 Gallons	\$5.03	\$6.32	\$6.39	\$2.61	\$3.23	\$2.92	118.7%
Total FTEs	6.75	6.75	6.75	4.0	2.0	3.0	125.0%
Operating Revenues per Account	\$617	\$752	\$795	\$301	\$324	\$312	154.4%
Operating Expenditures per Account	\$841	\$685	\$728	\$368	\$332	\$350	107.8%

Source: Harrison and the peer cities

¹ In 2010, Harrison had \$1.57 million in capital costs and long term debt service related to expansion of the wastewater system. In this same year, Trenton was the only peer to incur capital and long term debt costs amounting to approximately \$92,000. Ignoring these capital costs when determining cost to treat one gallon and including only operating costs resulted in a per gallon cost of \$2.18 for Harrison and a peer average cost of \$3.15.

As shown in **Table 4-10**, Harrison's sewer expenditures in total and per account were significantly higher than the peer average in 2010. In addition, cost to treat 1,000 gallons was approximately 80 percent higher than the peer average. This high level of expenditures can be directly attributed to the service on the long term debt that Harrison has incurred for sewer operations. Despite the multiple capital projects undertaken that has resulted in the incursion of long term debt, Harrison has been able to recover its expenditures as shown by collections of \$6.39 per 1,000 gallons, a level 118.7 percent higher than the peer average.

Service Department

The Harrison Service Department's (HSD) primary responsibilities include street, sidewalk, and bike path maintenance; roadway signage and pavement marking maintenance; storm sewer and catch basin inspection and maintenance; minor bridge maintenance; road construction projects; permits for roadway and right-of-way work; snow and ice removal; traffic and pedestrian signal operation; brush and leaf removal; and the overseeing of waste and recycling collection contract. The Department's main facilities, equipment, and personnel share a facility with Harrison Township and the Hamilton County Engineer.

Financial Analysis

Expenditures for street maintenance and repair are recorded in the Street Fund. Unlike water and sewer operations, street repairs and maintenance are not recorded using enterprise fund method of accounting. **Table 4-11** displays HSD's expenditures for 2008 through 2010.

Table 4-11: Street Repair and Maintenance Historical Expenditures

	2008	2009	% Change	2010	% Change
Salaries and Wages	\$304,923	\$373,576	22.5%	\$364,631	(2.4%)
Fringe Benefits	\$101,670	\$123,693	21.7%	\$136,181	10.1%
Contractual Services	\$35,770	\$40,946	14.5%	\$74,925	83.0%
Supplies & Materials	\$103,197	\$133,451	29.3%	\$86,174	(35.4%)
Other	\$294	\$453	53.9%	\$0	(100.0%)
Capital Improvements	\$41,910	\$81,310	94.0%	\$2,016	(97.5%)
Total	\$587,765	\$753,428	28.2%	\$663,927	(11.9%)

Source: Harrison financial reports

As shown in **Table 4-11**, total expenditures increased approximately \$166,000 in 2009 before decreasing approximately \$90,000 in 2010. The primary driver of the 2009 increase was the addition of two employees to HSD. As a result, salaries and benefits both incurred over 20 percent increases. In 2010, benefits increased an additional 10 percent, following the overall increase in City-wide benefit costs. Also in 2010, contracted service increased approximately \$34,000 due to the lease of a new street sweeper.

HSD operates with 8 FTE service workers. These employees are responsible for multiple activities such as curb repair, street sweeping, tree removal and mowing as well as street maintenance and snow and ice control. As shown in **Table 4-15**, not all peer cities offered the same services and not all peer cities offered the same services in-house. However, Harrison as well as the three peer cities either performed street maintenance and repair or contracted for these services. **Table 4-12** displays 2010 Street Fund expenditures for Harrison and the peer cities.

Table 4-12: 2010 Street Fund Expenditures

	Harrison	Madeira	Milford	Trenton	Peer Average	% Difference
Residents	9,897	8,726	6,709	11,869	9,101	8.0%
Street Repair Expenditures	\$587,765	\$1,661,366	\$387,925	\$1,104,252	\$1,051,181	(78.8%)
Expenditures per Resident	\$59.39	\$190.39	\$57.82	\$93.04	\$113.75	(91.5%)

Source: Harrison and peer city financial reports

As shown in **Table 4-12**, street repair expenditures varied by city. For example, Madeira reported over \$1.6 million in street repair compared to approximately \$588,000 for Harrison. On a per resident basis, the City of Harrison was significantly lower than the peer average.

Refuse and Recycling

The City contracts its solid waste and recycling collection to Rumpke Collection Services. This five year contract spans from August 31, 2010 through July 31, 2015, as do all its peers. Under this agreement, Rumpke is required to provide weekly waste collection to City residents. For this service, Rumpke charges the City \$12.75 (\$11.75 for seniors) per household. In addition, the City receives waste collection from eight City dumpsters, has access to 50 cubic yards of Rumpke's landfill per month and receives 4 portable toilets for special events held within the City six times per year. In addition to Harrison, all three peer cities contracted for solid waste removal. **Table 4-13** displays charges per resident for Harrison and the peer cities.

Table 4-13: Solid Waste Fees per Resident

	Harrison	Madeira	Milford	Trenton	Peer Average
Price per Resident	\$11.75 -12.75	\$12.60	\$10.50	\$12.90	\$12.00

Source: Harrison and peer city solid waste contracts

As shown in **Table 4-13**, the City's contract with Rumpke had similar charges per resident when compared to the peer average of \$12.00. In addition to charges for services, other contract provisions were analyzed between Harrison and the peer contracts. It was found that the City's solid waste contract was similar to those of the peers.

Recommendations

R4.1 Develop performance measures to guide staffing levels and allocations.

The Public Works Department should develop performance measures to determine the efficiency and effectiveness of staff. Implementing performance measures based on desired service levels will help ensure the City is maintaining appropriate staffing levels based on objective information.

HSD does not track and monitor performance measures such as staff productivity, labor hours and materials to determine the most efficient and effective staffing levels. In addition, the City has no formal staffing plan to outline desired staffing based on demographics, activity or other indicators. As a result, HSD and City administrators are unable to take advantage of performance indicators to relay information on department effectiveness.

The lack of performance tracking and a City-wide staffing plan has resulted in an informal system whereby staffing is based on historical levels and financial condition. This does not always ensure efficient or effective service delivery. Maintaining staffing levels with no performance measurement system could result in excessive or inefficient staffing. Conversely, using performance measures and benchmarks tied to desired service levels will help the City better use its scarce resources.

4.2 Realign staffing based on service levels and services offered.

Using performance measures outlined above, the City and HSD should realign staffing based on both workload and desired services and service levels. The City should ensure that its service levels are aligned with citizen expectations and available resources.

As staffing is based on historical levels and the City's financial condition, Harrison has not aligned workloads and desired services levels within HSD. **Table 4-14** compares HSD road crew staffing levels to the peers.

Table 4-14: Road Service Staffing Comparison

	Harrison	Milford	Madeira	Trenton	Peer average	Difference
Total FTEs	8.0	7.0	6.0	5.5	6.2	29.7%
Lane Miles Maintained	60	57	48	100	68.1	(11.9%)
Residents	9,897	6,709	8,726	11,869	9,101	8.7%
Lane Miles Maintained per FTE	7.5	8.1	8.0	18.1	11.4	(34.2%)
FTEs per 1,000 Residents	0.81	1.04	0.69	0.46	0.73	10.5%

Source: Harrison, peer cities and the US Census Bureau

As shown in **Table 4-14**, HSD has approximately 2.0 more FTEs than the peer average. In addition, there are approximately 12 percent fewer lane miles to maintain in the City when compared to the peer average. When analyzing staffing levels based on lane miles maintained, HSD staff maintains approximately 4 fewer (34.2 percent) fewer lane miles than the peer average. Examining staffing levels based on total residents results in a similar conclusion as the

City's FTEs per 1,000 residents was 10.5 higher than the peer average. HSD staffing cannot be solely based on lane miles as employees have several other duties in addition to street maintenance. **Table 4-15** displays common services provided by cities and whether HSD and the peer cities provide these services.

Table 4-15: Peer Comparison of Services Provided

Services Provided	Harrison	Madeira	Trenton	Milford
Street Maintenance	Yes	Yes	Yes	Yes
Sidewalk Maintenance	Yes	Yes	No	No
Bike Path Maintenance	Yes	Yes	No	No
Roadway Signage and Pavement Marking Maintenance	Yes	Yes	Yes	Yes
Storm Sewer and Catch Basin Inspection and Maintenance	Yes	Yes	Yes	Yes
Minor Bridge Maintenance	Yes	Yes	Yes	No
Road Construction Projects	Yes	Yes	Yes	Yes
Permits for Roadway and Right-of-Way Work	Yes	Yes	Yes	No
Snow and Ice Removal	Yes	Yes	Yes	Yes
Traffic and Pedestrian Signal Operation	Yes	Yes	Yes	Yes
Brush and Leaf Removal	Yes	Yes	Yes	Yes
Overseeing of the Waste and Recycling Collections Contract	Yes	Yes	Yes	No
Recreational facilities/park	Yes	Yes	Yes	Yes
Cemetery Maintenance	No	No	Yes	Yes
Right of way mowing	Yes	No	Yes	No
Street Sweeping	Yes	Contracted	Contracted	Contracted
Street Resurfacing	Contracted	Contracted	Contracted	Contracted
Major catch basin repairs	Contracted	Contracted	Yes	Contracted
Historic property	No	No	No	Contracted
Summary Totals:				
Number of Services Performed In-House	15	13	13	9
Number of Contracted Services	2	3	2	4
Number of Services not Provided	2	3	3	6

Source: Harrison and peer cities

As shown in **Table 4-15**, HSD provides 11 of the 15 services in-house, the highest number of services provided by any of the peer cities. In future years, should City officials determine that financial conditions no longer can support the level and number of services provided, HSD could base staffing levels on the common ratios contained in **Table 4-14**. This would result in a reduction of from 0.75 FTEs based on total lane miles up to 2.75 FTEs based on population (FTEs per 1,000 residents).

The City has not established a staffing plan, used performance measures or established any formal service provision levels to dictate total service staff size. Without a staffing plan or performance measures, the City may not be in optimal position to determine the most efficient means of providing services.

R4.3 Renegotiate collective bargaining agreement provisions in the HSD agreement that exceed recommended practices.

The City should seek to renegotiate provisions within collective bargaining agreement that are overly generous when compared to the peers or may be in excess of recommended practices. These include the following:

- **Unpaid leave for union representation;**
- **Sharing grievance expenditure payments;**
- **A reduction in the sick leave accrual rate;**
- **A reduction in maximum sick leave payout;**
- **A reduction in vacation leave accrual rates; and**
- **A reduction in call pay minimum.**

The renegotiation of these provisions could result in significant savings for the City.

All public works employees with the exception of the Director are covered under a bargaining agreement with the United Steel Workers. Provisions in this contract were agreed upon by the union and City officials. This three year agreement will expire on May 31, 2013. Provisions in this contract were compared to the peer cities of Madeira and Milford as Trenton public works employees are not members of a bargaining unit. The following provisions were identified as excessive or overly generous when compared to the peer city contracts:

- **Unpaid leave for union representation:** The contract allows union representatives unpaid leave to attend official union conferences and functions with two weeks advance notice not to exceed five work days total during any calendar year and to exceed 10 work days total during any even calendar year. There were no similar provisions contained in either of the peer contract examined.
- **Grievance expenditure payments:** The contract does not contain a provision governing grievance payment procedures. Both peer city contracts have provisions that split grievance payments equally between both parties.
- **Sick leave accrual rate:** The contract states that employees are entitled to paid sick days. Paid sick days may be accumulated, up to a maximum of 1,750 hours. This provision allows City employees to accrue 130 hours of sick leave annually an accrual rate was higher than both peer cities.
- **Sick leave payout:** According to the contract, upon retirement through the Public Employees Retirement System, a member with at least 10 years of service with the City shall receive 65 percent of his accumulated but unused sick leave. In contrast, Madeira pays out 40 percent up to a maximum of 85 days and Milford pays 25 percent up to 240 hours.
- **Vacation leave accrual rates:** According to the contract, employees are entitled to a paid vacation when they have completed one year's service with the City. At that time, and thereafter, they are eligible to receive paid vacations in accordance with a schedule that provides significantly more vacation time than the contracts of Madeira and Milford.

- **Call out pay:** According to the contract, a member of the bargaining unit “called-out” by the City after his/her shift has ended shall be paid at a minimum of three hours at his/her regular rate of pay for work performed during said call-out period. This minimum time does not apply to a bargaining unit member who may be asked to remain on the job as a continuation of his/her normal shift. In comparison, Madeira and Milford contracts guaranteed two hours of call-out pay.

Including provisions like those listed above that are excessive or overly generous in comparison to the peers could result in increased expenditures. The renegotiation of this provision during the next bargaining session could result in savings for the City. Should these provisions be renegotiated to the peer average the City could potentially save the following:

- **Sick leave accrual rate:** A reduction to 108 hours per year (average of the peers) could result a 10 percent reduction in sick leave used. Based on 2010 public works sick leave expenditures, this could save the City approximately \$4,000.
- **Sick leave payout:** A reduction to the lowest peer payout percentage (25 percent) could save the City an estimated \$7,700 based on 2009 and 2010 payout amounts.
- **Vacation accrual:** Renegotiating this provision to a level based on the vacation accrual rates outlined in the peer contracts would eliminate a difference of 109 hours or approximately 3.7 days per employee per year. Based on 12 public works employees with an average wage of \$21.17, a reduction in vacation accrual could possibly save the City up to \$7,500 annually.

Provisions in this contract were agreed upon by the bargaining unit and City officials. During the negotiation process, overly generous stipulations may be negotiated in lieu of compensation in other areas. Over time, these stipulations remain in the contract regardless of the financial condition of the City and their original purpose is often forgotten. Including provisions like those listed above that are overly generous in comparison to the peers results in increased expenditures for the City.

Financial Implication: Renegotiating selected provisions in the HSD collective bargaining agreement could save the City \$19, 200.

R4.4 Accurately track overtime use by specific purpose and department in order to provide the City with trend information and better control overtime use.

The Public Works Department should accurately track its overtime use by specific purpose and department in order to provide the City with trend information which subsequently can be used to determine historical causes of overtime and facilitate future decision-making. The City should also negotiate to allow for a lower sick leave accrual rate and a higher allowable bank of comp time which could contribute to lower overtime accrual by employees.

Table 4-16 displays the City's public works employee overtime expenditures as a percentage of

total public works salaries for FY 2008 through 2010.

Table 4-16: Harrison Public Works Overtime Expenditures

	2008	2009	Difference	2010	Difference
Total Public Works Salaries	\$862,354	\$966,852	12.1%	\$994,854	2.9%
Overtime	\$94,270	\$87,694	(7.0%)	\$93,913	7.1%
Overtime/Total Salaries	10.9%	9.1%	(1.8%)	9.4%	0.3%

Source: Harrison

As shown in **Table 4-16**, Harrison's public works overtime expenditures as a percentage of total department salaries averaged 9.4 percent over the three year period. Actual overtime expenditures fluctuated significantly. After decreasing 7.0 percent in 2009, overtime increased by an almost identical amount (7.1 percent) in 2010. Within the Public Works Department, the primary driver of overtime expenditures was for water and sewer employees. In the three year period shown, overtime as a percentage of total water and sewer employee salaries averaged 10.6 for both of these departments while the street departments averaged 8.6 percent during this same time period. **Table 4-17** compares total public works overtime as a percentage of salaries to the peer cities for 2010.

Table 4-17: Public Works Overtime Comparison

	Harrison	Milford	Trenton	Peer Average	Difference
Public Works Salaries	\$994,854	\$784,786	\$1,103,969	\$944,377	\$50,477
Overtime	\$93,913	\$39,132	\$43,630	\$41,381	\$52,532
Overtime/Total Salaries	9.4%	5.0%	4.0%	4.5%	5.0%

Source: Harrison

As shown in **Table 4-17** Harrison's overtime percentage of 9.4 percent was significantly higher than the peer average of 5.0 percent. Despite having salaries comparable to the peer average, Harrison's actual overtime expenditures were approximately 55 percent higher in 2010.

The Public Works department does not have a program or procedure implemented that accurately tracks and documents overtime expenditures and reasons for which they occurred. As a result, the City's public overtime expenditures exceeded the peer average.

Financial Implication: Implementing a formal overtime tracking process could enable Harrison to reduce its public works overtime expenditures. Should the City reduce expenditures to a level similar to the peers it could save approximately \$4,700.

R 4.5 Develop a water audit program and reduce water loss.

HWD should develop a formal water audit program for its treatment and distribution operations to assist in identifying and addressing water loss. Conducting water audits would, at a minimum allow HWD administrators to identify the level of water loss occurring within the City's water treatment system. In addition, audits should aide city officials in identifying areas where water loss is occurring, determine the efficiency of the treatment system with greater accuracy and develop and plan actions to reduce water loss

rates.

HWD does not track water loss on a periodic basis. Because of this, HWD administrators and City officials are unaware of the efficiency of its treatment and distribution operations. As a result, the City may be losing significant water revenues.

Water loss is defined as the difference between that amount of water that is actually in the distribution system and available to sell (corrected input volume) and authorized consumption. Authorized consumption includes all authorized water use: billed metered, billed unmetered, unbilled metered and unbilled unmetered (Texas Water Development Board, 2005). **Table 4-18** displays HWD's water loss rates for 2008 through 2010.

Table 4-18: HWD Water Loss Rates

	2008	2009	2010
Estimated Unbilled Gallons for Waste Water Facility	5,760,000	5,760,000	5,760,000
Gallons Billed	331,197,000	325,608,000	339,897,000
Authorized Consumption	336,957,000	331,368,000	345,657,000
Gallons Treated	415,463,000	407,805,000	427,788,000
Estimated Loss Rate	18.9%	18.7%	19.2%

Source: HWD

The Ohio Environmental Protection Agency (OEPA) has previously stated that water loss rates should not exceed 15 percent. As shown in **Table 4-18**, the average estimated water loss rate for HWD was 18.9 percent for the three year period shown, with the lowest year having a loss rate of 18.7 percent. Using 2010 as an example, exceeding the OEPA's benchmark by 4.2 percent represents approximately 18 million gallons of water loss more than is typically considered acceptable.

The *Water Loss Manual* (Texas Water Development Board, 2005) outlines procedures and methodologies for conducting water audits that allows utilities to identify water loss and the areas causing this loss. The manual includes information on top and bottom down audit approaches and includes:

- Audit methodology;
- Water audit worksheets and instructions;
- Water loss audit program;
- Methods to locate and minimize water loss; and
- Performance indicators.

Determining water loss rates on an ongoing basis helps to ensure that all treated water is accounted for and tracked. It also may enable the City to compare its water loss to industry standards and surrounding operations. With this information, the City can gauge the efficiency of its water treatment system and indentify any specific areas that need improvement. Based on the estimated water loss above OEPA recommended acceptable levels, it costs the City an additional \$124,000 annually in treatment costs for treated but unbilled water.

Financial Implication: Reducing water loss rates to 15 percent could save the City \$124,000 in treatment costs. This savings would likely be offset by an increase in capital maintenance costs.

Appendix

Organizational Structure and Department Functions

Harrison operates under a Mayor-Council form of government, where the Mayor is the executive branch and the seven member council serves as the legislative branch. The City's primary administrative responsibilities are carried out by the Mayor, the Finance Department, and other City department heads. The City does not have a separate human resource department.

The Mayor, responsible for the day-to-day operations of the City, is the chief executive officer and responsible for supervising the administration of the City's affairs and overseeing all departments and divisions. The Finance Department, headed by the City Finance Director, oversees the City's financial functions. This department is responsible for creating and managing the City budgets, issuing purchase orders, processing employee payroll, and administering the employee benefit programs. Harrison also operates its own Tax Department, responsible for collecting and enforcing the City's 1.0 percent income tax. Harrison's Law Director represents the City as legal counsel in judicial and administrative proceedings and serves as the Prosecutor in Mayor's Court.

The City's Building Department is responsible for enforcing building codes and assisting residents with requirements for new construction, additions, renovations, and any other development related plans. The Zoning Department enforces the City's Zoning Ordinance to encourage the most appropriate uses of land throughout Harrison. The Parks and Recreation Department organizes community events for Harrison residents throughout the year. The Senior Center provides services and activities to Harrison's senior population.

Harrison's Public Works Director oversees three of the City's departments (Street, Sewer, and Water). The City operates its own Police Department as well as its own Fire / Emergency Medical Services. These two departments are overseen by the Police Chief and Fire Chief, respectively.