



Dave Yost • Auditor of State



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To the residents, elected officials, management, and stakeholders of the City of Bellevue:

At the request of the Mayor and City Council, the Auditor of State's Ohio Performance Team conducted a performance audit of the City to provide an independent assessment of operations. Functional areas selected for operational review were identified with input from City management and were selected due to strategic and financial importance to the City. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the City's overall efficiency and effectiveness. This report has been provided to the City and its contents have been discussed with the appropriate elected officials and City management.

The City has been encouraged to use the management information and recommendations contained in the performance audit report. However, the City is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

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

Dave Yost
Auditor of State

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Results in Brief

Why Did AOS Conduct This Audit?

The City of Bellevue initiated this performance audit to gain an independent assessment of their operations in the areas of financial and human resource management, public safety, administrative offices and public works.

Financial Implications

The performance audit identifies total cost savings in excess of \$1,000,000. This amount represents nearly eight percent of the City's 2011 governmental activities expenditures. The following table summarizes those performance audit recommendations that contain financial implications.

Summary of Financial Implications

Recommendation	Impact
R2.4 Reduce Severance Payment to Ohio Law requirement	\$256,888
R2.2 Limit Overtime Expenses	\$192,598
R5.4 Renegotiate the Water Purchasing Contract	\$180,788
R3.6 Pursue joining a regional dispatch center	\$157,846
R5.2 Reduce staffing in Wastewater treatment plant	\$103,764
R3.3 Renegotiate township fire service contracts	\$51,188
R3.4 Adjust compensation for paid-on-call firefighters	\$30,866
R5.3 Hire "on-call swing" operator and maintenance workers	\$28,560
R2.1 Eliminate longevity payments for service employees	\$22,380
R2.3 Improve Cost-effectiveness of Health Insurance Program	\$15,064
Total Cost Savings from Performance Audit Recommendations:	\$1,039,942

Synopsis

Scope and Objectives of the audit

Applicable standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

Through a review of the operations of the City of Bellevue, AOS selected the following areas for detailed assessment: Financial Planning and Management, Human Resources Management, Public Safety, Administrative Offices, and Public Works.

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. AOS developed objectives designed to identify efficiencies that could be gained from the operational areas listed above.

The following objectives were identified in consultation with the City:

Financial Planning and Management

- What is the current financial standing of the City?
- How are the City's 2011 revenues (General and All Fund) allocated?
- How are the City's 2011 expenditures (General and All Fund) allocated?
- How have expenditures increased/decreased from 2010 to 2011?
- Does the City have a debt service policy? How does the City allocate debt?
- Does the City have effective purchasing procedures in place that meet recommended practices?
- Is the purchasing process formally documented?
- How do the City's professional service contracts compare with peer cities?
- Is the City's budgetary process consistent with Government Finance Officers Association (GFOA) best practice criteria (includes internal budget monitoring/reporting practices)?

Human Resource Management

- How does City-wide staffing compare to the peers when including service levels and workload indicators?
- How do the City's salaries compare to the peer cities?
- How does the City's overtime usage compare to recommended practices?
- How does the City's sick leave usage compare to the DAS average?
- Is the insurance benefit package in line with State averages?
- How do the City's collective bargaining agreements compare to the peers or standards?

Public Safety

- How does the Organizational Structure and Staffing of the Police Department compare to the peers?
- How does the scope of services and the amount of service provided compare to the peers and recognized benchmarks?
- Is the City's crime level similar to peers?
- Does the Department effectively utilize the City's website to connect with community when compared to peers?
- How do the salaries, overtime, and leave usage of the Police Department compare to the Peers?
- How does the Organizational Structure and Staffing of the Fire Department compare to the peers?
- How does the scope of services and the amount of service provided by the Fire Department compare to the peers and recognized benchmarks?
- Is the City's pay for Paid-On-Call firefighters comparable to the peers?
- Does the City charge the townships appropriately for fire suppression services rendered?
- How do Fire Department salaries, overtime, and leave usage compare to the Peers?
- Does the City provide EMS services in a manner similar to the Peers?
- Is the City's dispatch operation similar to the peers and efficient compared to other alternatives?

Administrative Offices

- Is the Administration Office efficient compared to the peers?
- What are the technical FTE staffing levels?
- Are technology users satisfied with the technology and support provided?
- Does the agency measure the performance of its system and technicians?
- Does the agency have a formal staffing plan?

Public Works

- How do the City Street Department's workload and expenditure ratios compare to the peers?
- Does the City maintain a capital improvement plan in accordance with best practices?
- How do staffing and workload measures compare to peers?
- Does the City purchase water from an external supplier?
- Are overtime usage and expenditures high in the Service Departments?
- Are water and sewer collections timely?

Methodology and Benchmarks

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 for overseeing or initiating corrective action, and contribute to public accountability.

AOS conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). These standards require that 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 the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

Data was drawn from the 2010, 2011, and 2012 fiscal years. To complete this report, the auditors gathered a significant amount of data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. The performance audit involved significant information sharing with the City, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the City of key issues impacting selected areas, and shared proposed recommendations to improve operations. The City provided verbal and written comments in response to drafts of the report and these were taken into consideration during the reporting process.

In consultation with the City, the following Ohio municipalities were identified as potential peers: the cities of Eaton, Hubbard, Kenton, Mentor-on-the-Lake, and St. Marys. Whenever possible, peer municipalities were used for comparison. In some areas of City operations such as police, fire, and city services, comparisons to national benchmarks, standards and other cities that have achieved efficiencies in select areas using unique practices were used. Benchmark data and standards were chosen from organizations and sources such as the State Employment Relations Board (SERB), the Ohio Department of Administrative Services (ODAS), the National Fire Protection Association (NFPA), and the Ohio Incident Based Reporting System (OIBRS).

The Auditor of State's Ohio Performance Team expresses their appreciation to the management and employees of the City of Bellevue for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Street Department

The Bellevue Street Department operates more efficiently when compared to the peer cities with respect to both staffing and operational expenditures. It maintains more roadways with fewer employees and at a lower cost than the peer cities. The Bellevue Street Department's staffing level is nearly one-half of a full-time equivalent (FTE) per 1,000 residents lower than the peers.

The Street Department currently operates with 0.38 FTEs per 1,000 residents, which is 53 percent lower than the peer average of 0.81 FTEs per 1,000 residents. Additionally, the Street Department's annual operational expenditure per center lane mile maintained is 32 percent lower than the peer average. In terms of actual dollars, its annual operational expenditure per center lane mile maintained is \$5,729 less than the peers. Finally, the Street Department maintains 64 percent more center lane mileage per FTE than the peers, with 13.51 center lane miles per FTE compared to the peer average of 8.22 center lane miles per FTE.

Water Treatment Plant – Water Production

During the course of the audit, it was determined that Bellevue's water treatment operation is significantly different from that of the peer cities. Specifically, Bellevue has a surface water supply operation while each of the peers has a groundwater supply operation. As such, there is significant variation in the associated costs of production among the two types of operations. According to the Ohio Environmental Protection Agency's Division of Drinking and Ground Waters Central Office (OEPA), the cost of production for a surface water operation is generally greater than that of a groundwater operation. The difference in production cost is largely attributed to infrastructure requirements, as well as the difference in the raw water quality and corresponding treatment process requirements between the two types of supply sources.

In light of these differences an alternative set of peer cities, each with a surface water operation and in close geographic proximity to the City, was applied to Bellevue's Water Treatment Plant's staffing and workload assessment.

The Bellevue Water Treatment Plant's (BWTP) current staff of 7.0 full-time equivalents (FTEs) produced a total of 508.3 million gallons of water in 2011, which results in a workload ratio equal to 72.6 million gallons produced per FTE. In comparison to the peer average of 67.2 million gallons, BWTP produced eight percent more water per FTE in 2011. Furthermore, while BWTP's staffing per resident ratio is higher than the peers, the difference is only a marginal amount of less than 0.2 FTEs per 1,000 residents.

Water Treatment – Distribution and Collection

Bellevue's Distribution and Collections current staff of 4.5 FTEs maintains 92.2 miles of water, sanitary, and storm water pipeline, resulting in a workload ratio of 20.5 miles of pipeline per FTE. In comparison to the peer average of 18.5 miles, Bellevue's Distribution and Collections operation maintains 11 percent more pipeline per FTE. With respect to population, Bellevue is staffed approximately seven percent lower than the peer average. As such, Bellevue's Distribution and Collections operation is staffed efficiently as compared to the peer entities.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. The following paragraphs present several issues that warrant further study.

Overtime – Fire Department

The City should review its overtime policies in the Fire Department. A policy could be instituted that prohibits certain overtime costs from being incurred while the Chief is on-duty. The Fire Chief works a standard 40 hour week. While he is working there is also a lieutenant on duty. Normally, upon receiving a call, the on-duty lieutenant responds by driving the fire truck to the incident. Then an off-duty lieutenant responds to staff the fire station, incurring overtime costs.

Although the Chief has administrative duties, he performs the duties of a fire fighter when necessary. Even if a lieutenant is unavailable, the Chief could staff the station by himself. This change could potentially reduce overtime costs and still ensure that a full-time firefighter is always present at the fire station. According the Fire Chief, the current union contract prevents this policy from being established.

The City should further examine this issue and determine whether to attempt to renegotiate this provision in the contract. In doing so, the City should explore the possibility of having a paid-on-call volunteer cover the station when the on-duty lieutenant responds to a call.

Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide the City with options for enhancing its operational efficiency and improving 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.

Financial Planning and Management

- Develop a comprehensive purchasing manual.
- Develop formal budgeting policies that include both the planning and forecasting.

Human Resource Management

- Negotiate to eliminate longevity payments for service employees.
- Limit overtime expenses to less than 1.3 percent of total compensation.
- Adopt strategies for improving the cost effectiveness of the health insurance program.
- Negotiate to reduce severance payments to the minimum requirement under Ohio law.

Public Safety

- Update the Police Department's website page to better communicate with the public.
- Begin submitting crime data to the FBI through the Ohio Incident-Based Reporting System.
- Negotiate new contracts for providing fire services to Lyme, Thompson, and York townships.

- Adjust compensation for paid-on-call fire fighters to align with peers.
- Consider upgrading the Fire Department's toning-out system that is used to dispatch the 17 paid-on-call fire fighters.
- Pursue joining a regional dispatch center or contracting with another governmental entity to provide dispatching services.

Administrative Offices

- Publish city budget documents on the City's website.
- Design and implement user satisfaction and performance measurements.
- Develop and implement a formal Staffing Plan

Public Works

- Adopt a formal capital improvement plan.
- Reduce staffing by 1.8 FTEs in the Wastewater Treatment Plant.
- Hire one dual certified, part-time “on-call swing” operator and one dual certified, part-time “on-call swing” maintenance worker.

Performance Audit Recommendations

Financial Planning and Management

R1.1 Develop a comprehensive purchasing manual.

The City should develop a comprehensive purchasing manual with policies that address all aspects of purchasing, including emergency purchases, price quotes, competitive bidding, bulk and cooperative purchasing, consortiums, documentation requirements, sole source justifications, emergency purchases, and requests for proposals (RFPs). The purchasing manual and policies should be approved by City Council, distributed and explained to all department heads, actively enforced, and reviewed periodically for potential updates. The City should also consider placing the purchasing manual on its intranet so that it can be easily accessed by staff.

The City does not have a comprehensive purchasing manual that is distributed to all department heads to serve as a central source for explaining key purchasing policies, procedures and guidelines. In practice, the Finance Department has an informal purchasing process and uses a purchasing software system. Department Heads may submit purchase requests to the Finance Department for approval by the Safety Service Director.

Purchasing and Bidding: Purchasing Procedures, Policies, and Manuals (Municipal Research and Services Center of Washington, 2009) indicates that "...an essential document in any local government is a purchasing manual containing the policies governing the "how to" of public procurement. The manual can contain a variety of topics, from basic instructions on how to prepare a purchase order to the procedures used to take telephone quotations, submit a sole source justification, make an emergency purchase, or negotiate a contract. A manual makes it easier to enforce the purchasing policy." The article goes on to state that "...common sense, prudence and staff turnover call for written policies and procedures, gathered into a purchasing manual that is accessible to all agency personnel and required reading for anyone who makes purchases on behalf of the agency."

The aforementioned informal purchasing process does not address documentation requirements to support price quotes, bulk and cooperative purchasing, sole source justifications and documentation, emergency purchases, competitive bidding for commonly used items by each department, the use of RFPs, or City Council approved purchasing consortiums.

The lack of a comprehensive purchasing manual that is approved by City Council; distributed and explained to department heads; and regularly updated and enforced by the Mayor, Finance Department, Safety-Service Director, and City Council increases the risk of inefficient purchases and/or questionable vendor selection decisions.

R1.2 Develop formal budgeting policies that include both planning and forecasting.

The City should develop formal budgeting policies that include both the planning and forecasting of receipts and expenditures and the ongoing monitoring and adjusting of actual financial performance throughout the year. The City should regularly update the financial forecast to address changing conditions.

The budget should be publicized to the community, the administration, and department supervisors. Policies should be used to frame major initiatives such as increasing or decreasing services and departmental budgets. Financial policies should be summarized in the budget document to communicate to the public and stakeholders how the City plans to manage financial resources.

The City of Bellevue does not have a formal budgeting process. The City starts its budgeting process in November. The Finance Department creates a temporary budget to allow the city to operate into the next calendar year. The City Auditor, Safety-Service Director, and Mayor start to create the permanent budget in February. The permanent appropriation measure must be passed by the April 1st deadline. The permanent budget is presented to the City Council for final approval.

Furthermore, the City of Bellevue does not have a formal five-year financial forecasting process. The City Auditor develops the forecast using the prior year budget and actual numbers as well as historical trends for operating expenditures and revenues.

Financial Forecasting in the Budget Preparation Process (GFOA, 1999) recommends that governments at all levels forecast major revenues and expenditures. The forecast should extend three to five years beyond the budget period and should be regularly monitored and periodically updated. GFOA goes on to indicate that a financial forecast provides an understanding of available funding, evaluates financial risk, assesses the likelihood that services can be sustained, identifies future commitments and resource demands, and identifies the key variables that cause changes in the level of revenue.

Best Practices in Public Budgeting (GFOA, 2000) notes that regular monitoring of budget performance provides an early warning of potential problems and gives decision makers time to consider actions that may be needed due to changing circumstances. Consistency and timeliness are particularly important when implementing this practice: it is essential that reports are prepared on a routine, widely-publicized basis. In addition to monitoring budget-to-actual results, reasons for deviations should be evaluated. These factors are important in assessing the significance of variations, including whether they are expected to be temporary or longer-term in duration. This budgetary monitoring is for the short-term and should be performed in conjunction with regular monitoring and evaluation of the City's long-term financial condition.

Lack of long-term financial planning limits management's access to tools that can be used during the decision-making process. Also, forecasts can expand a government's awareness of its financial options, potential problems, and opportunities. Furthermore, a good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

Human Resources Management

R2.1 The City should negotiate to eliminate longevity payments for service employees.

Several positions within Bellevue's service departments were evaluated and compared to peers. The following positions were selected to provide a comparison across several skill levels and service areas: street department crew leader, utility meter reader, and class two water treatment operator. The assessment factors in salaries, licensure payments, and longevity payment at each year of a 30-year career. The following tables display the sum of compensation for a 30-year career under each collective bargaining agreement in force during 2011.

Table 2-1: Street Crew Leader

Compensation	Bellevue	Peer Average	Difference	% Difference
Base Pay	\$1,379,040	\$1,289,115	\$89,925	7.0%
Licensure ¹	\$12,480	\$0	\$12,480	100.0%
Longevity	\$30,888	\$8,762	\$22,126	252.5%
Total	\$1,422,408	\$1,297,876	\$124,532	9.6%
Compensation	Hubbard	Kenton	St. Marys	Peer Average
Base Pay	\$1,284,400	\$1,170,312	\$1,412,632	\$1,289,115
Licensure ¹	\$0	\$0	\$0	
Longevity	\$15,660	\$0	\$10,625	\$8,762
Total	\$1,300,060	\$1,170,312	\$1,423,257	\$1,297,876

Source: City of Bellevue, State Employment Relations Board

¹Commercial Driver's License

Table 2-2: Utility Meter Reader

Compensation	Bellevue	Peer Average	Difference	% Difference
Base Pay	\$1,239,888	\$1,182,126	\$57,762	4.9%
Longevity	\$30,888	\$8,762	\$22,126	252.5%
Total	\$1,270,776	\$1,190,888	\$79,888	6.7%
Compensation	Hubbard	Kenton	St. Marys	Peer Average
Base Pay	\$1,120,309	\$1,066,936	\$1,359,134	\$1,182,126
Longevity	\$15,660	\$0	\$10,625	\$8,762
Total	\$1,135,969	\$1,066,936	\$1,369,759	\$1,190,888

Source: City of Bellevue, State Employment Relations Board

Table 2-3: Class Two Water Treatment Operator

Compensation	Bellevue	Peer Average	Difference	% Difference
Base Pay	\$1,274,832	\$1,295,674	(\$20,842)	(1.6%)
Licensure ¹	\$44,304	\$9,360	\$34,944	373.3%
Longevity	\$30,888	\$8,762	\$22,126	252.5%
Total	\$1,350,024	\$1,313,795	\$36,229	2.8%
Compensation	Hubbard	Kenton	St. Marys	Peer Average
Base Pay	\$1,304,077	\$1,170,312	\$1,412,632	\$1,295,674
Licensure ¹	\$28,080	\$0	\$0	\$9,360
Longevity	\$15,660	\$0	\$10,625	\$8,762
Total	\$1,347,817	\$1,170,312	\$1,423,257	\$1,313,795

Source: City of Bellevue, State Employment Relations Board

¹EPA Class Two Water Treatment Operator License

Bellevue's collective bargaining agreement specifies a base rate for each position in the bargaining unit. For each position that is compared, the differences in compensation are particularly large during the first four years of employment when compared to the peers. Additional compensation can be earned by obtaining licenses that are related to an employee's job function. While there are differences in base pay and licensure pay for each compared position, longevity pay is consistently higher than the peer average. **Table 2-4** shows the annual longevity pay expenses for all service union employees based on length of service in 2012.

In the service union collective bargaining agreement, longevity payments are determined solely by length of service. All service union employees are paid for longevity on an hourly basis beginning at \$0.35 per hour after three years of service and continuing until employment is severed. Longevity is increased by an additional \$0.10 per hour at seven, 14, 20, and 25 years of service regardless of position or base pay rate.

Table 2-4: 2012 Service Union Longevity

Longevity Pay	\$18,990
Pension	\$2,659
Worker's Compensation	\$456
Medicare	\$275
Total Cost of Longevity	\$22,380

Source: City of Bellevue

Financial Implication: The City would save at least \$22,380 annually by eliminating service union longevity payments. This measure would help bring compensation more in line with the peer average.

R2.2 The City should seek to limit overtime expenses to less than 1.3 percent of total compensation.

The City paid \$4,486,621 in total employee compensation in 2011. Of that amount, \$250,924 was spent for overtime. For this assessment, employee compensation includes salaries and

wages, overtime, insurance, pension, paid leave, payroll taxes, unemployment compensation, and workman's compensation expenses. Bellevue's overtime expenditures were compared to data published by the Bureau of Labor Statistics (BLS). The publication, *Employer Costs for Employee Compensation - June 2012* (ECEC), measures employer costs for wages, salaries, and employee benefits for nonfarm private and state and local government workers. According to the publication, overtime should amount to between 0.1 and 1.3 percent of total employee compensation, depending on job functions. The comparison of the City's overtime expenses to total compensation is displayed in **Table 2-5**.

Table 2-5: Overtime as a % of Total Compensation

Department	Total Compensation	Overtime	Survey Average Overtime	Difference	Overtime %
Council	\$53,128	\$0	\$691	(\$691)	0.0%
Mayor	\$55,147	\$0	\$717	(\$717)	0.0%
Treasurer	\$23,155	\$0	\$301	(\$301)	0.0%
Auditor	\$131,454	\$3,321	\$1,709	\$1,612	2.5%
Law Director	\$95,694	\$0	\$1,244	(\$1,244)	0.0%
Service Dept.	\$170,246	\$1,725	\$2,213	(\$488)	1.0%
Engineering	\$53,809	\$2,208	\$700	\$1,509	4.1%
Police Dept.	\$1,265,294	\$64,537	\$16,449	\$48,089	5.1%
Fire Dept.	\$530,124	\$49,998	\$6,892	\$43,106	9.4%
Street Dept.	\$286,201	\$17,891	\$3,721	\$14,170	6.3%
Cemetery Dept.	\$106,610	\$6,182	\$1,386	\$4,796	5.8%
Water Administration	\$165,451	\$7,255	\$2,151	\$5,104	4.4%
Water Plant	\$572,731	\$27,196	\$7,446	\$19,751	4.7%
Water Distribution	\$273,604	\$24,995	\$3,557	\$21,438	9.1%
Wastewater Administration	\$159,224	\$6,826	\$2,070	\$4,756	4.3%
Sewer Plant	\$417,160	\$28,499	\$5,423	\$23,076	6.8%
Sewer System	\$127,589	\$10,290	\$1,659	\$8,631	8.1%
City-Wide	\$4,486,621	\$250,924	\$58,326	\$192,598	5.6%

Source: City of Bellevue, Bureau of Labor Statistics Employer Costs for Employee Compensation

Financial Implication: By using a conservative average of 1.3 percent for overtime expenses, Bellevue should spend only \$58,326 for overtime. The comparison shows that Bellevue's overtime expenses are \$250,924 or 5.6 percent of total compensation. The City should seek to limit overtime expenses to less than 1.3 percent of total compensation. This would result in an annual savings of approximately \$192,598. See the Overtime – Fire Department section in the Issues for Further Study on page six and recommendation R.5.3 on page 26 of this report for possible means of reducing overtime expenditures.

R2.3 The City should adopt strategies for improving the cost effectiveness of the health insurance program. Potential strategies include:

- **Adopting a three-tiered prescription drug benefit;**
- **Increasing employee premium contributions through negotiation of benefits;**
- **Extending opt-out incentives to all eligible employees;**
- **Offering a high-deductible health plan.**

Bellevue's health insurance plan provides benefits through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) Health Benefits Consortium. The consortium is a self-insurance pool that provides health insurance coverage for participating members. The plan is administered directly by the City, and it has the freedom to determine the benefits to be provided under the plan. A claims administrator pays covered claims to service providers and OME-RESA recovers these costs through charges to participating members based on an actuarially determined cost per employee.

The plan was evaluated using information from the State Employment Relations Board's (SERB) *20th Annual Report on the Cost of Health Insurance in Ohio's Public Sector (2012)*. The City's health insurance is a comprehensive major medical plan that delivers benefits through a preferred provider organization (PPO). In 2012, PPO plans represented 68.5 percent of public employee plans in the State of Ohio. 56 percent of 1,118 reporting jurisdictions purchased insurance through joint purchasing arrangements, including consortiums.

Table 2-6 shows a comparison of the percentage of health insurance premiums paid by Bellevue employees.

Table 2-6: Employee Cost Sharing for Health Insurance

Coverage Type	Total Premium ¹	Employee Share	Statewide Avg.	Difference
Single		10.0%	10.7%	(0.7%)
Family		10.0%	11.5%	(1.5%)
Single	\$141,608	\$14,161	\$15,152	(\$991)
Family	\$938,176	\$93,818	\$107,890	(\$14,073)
Total	\$1,079,784	\$107,979	\$123,042	(\$15,064)

Sources: City of Bellevue, SERB

¹Health and prescription drug

In 2011, Bellevue employees annually contributed \$983.39 (10.0 percent) for single coverage and \$2,233.75 (10.0 percent) for family coverage. These percentages are stipulated within the City's collective bargaining agreement. By increasing the employee share to statewide averages, the City could save \$15,064 per year. This estimate is based on 16 single and 42 family covered employees. Any change to the levels of contribution would have to be negotiated with the City's various collective bargaining units.

Table 2-7 shows a comparison of the total monthly premium per employee by coverage type.

Table 2-7: 2011 Monthly Premium Per Employee

Coverage Type	Bellevue	Statewide Avg.	Difference	% Difference
Single Coverage	\$819	\$506	\$313	62.0%
Family Coverage	\$1,861	\$1,339	\$522	39.0%

Source: City of Bellevue, SERB

Bellevue is directly responsible for the payment of employee insurance claims. The premium shown above is influenced by the amount of claims payments and by benefit levels. The City may be able to recognize an indeterminate amount of savings by reducing claims payments through an adjustment in benefit levels

Table 2-8 illustrates Bellevue's benefits for in-network services.

Table 2-8: Bellevue's 2011 In-Network Health Coverage

Coverage Area	In-Network Coverage
Deductible (single/family)	\$250/\$500
Out-of-Pocket Maximum, including deductible (single/family)	\$500/\$1,000
Co-insurance (in-network, out-of-network)	80%/70%
Lifetime Maximum	No Limit
Prescription co-payment – Retail (generic/brand name)	\$10/\$20
Prescription co-payment – Mail order 90-day supply (generic/brand name)	\$20/\$40

Source: City of Bellevue

The majority of jurisdictions in Ohio reported in-network deductible amounts that are higher than the City's. In 2012, 69.7 percent of jurisdictions in Ohio had deductibles above \$125 for single coverage; 70.0 percent of jurisdictions had deductibles above \$200 for family coverage. In addition, the median in-network, out-of-pocket maximums for jurisdictions with managed care plans were \$1,225 for single and \$2,500 for family.

Most in-patient and preventative services are covered at the co-insurance rates listed in **Table 2-8**. In-network service means the City pays 80 percent of the service costs after the deductible is met; the employee is responsible for the remaining 20 percent of service costs, up to the out-of-pocket maximum. Some services are covered at higher rates; specific co-insurance percentages are listed for certain individual services in the City's health benefits plan documentation. In 33.3 percent of plans statewide, the in-network co-insurance rate is 80 percent or less; the majority of jurisdictions have co-insurance rates exceeding 80 percent.

The City's prescription plan design incorporates two tiers and two purchase methods. Both generic and brand name drugs require a co-payment after which the prescription plan pays 100 percent of the remaining cost. Generics require a lower co-payment than brand name drugs. Prescriptions can be purchased through retail pharmacies or a 90-day supply can be purchased through mail-order. According to the SERB report, "Few jurisdictions report a flat rate payment for retail or mail-order prescriptions; over two-thirds of plans have a three or four-tier

prescription drug plan.” A three-tiered drug plan (generic, brand name formulary, and brand name non-formulary) is the most commonly reported benefit plan design statewide in the SERB report. The median copayments for three-tiered retail plans are: \$10 generic, \$20 brand name formulary, and \$40 brand name non-formulary.

Bellevue offers vision coverage to all employees that receive health insurance as a carve-out plan that is separate from the medical premium; the City's vision premiums are at or below statewide averages. Vision coverage is offered in nearly 71% of jurisdictions in Ohio. The City also offers dental coverage to all employees that receive health insurance; the premiums for this coverage are also below statewide averages. Dental coverage is offered in 93.7% of jurisdictions in Ohio.

According to the SERB report, “Public employers and employees continue to look for ways to lower health insurance costs.” SERB reports information on several ways that “jurisdictions are trying to counteract ever-increasing medical premiums.” Bellevue has implemented several of these strategies including spousal restrictions, obtaining insurance through a joint purchasing arrangement, dependent eligibility audits, and offering a worksite wellness program. The following are other cost saving options the City should consider:

- **Opt-out Incentives:** Bellevue should extend an opt-out incentive to all employees. An incentive to waive medical coverage is offered to police, fire, supervisory, and non-union employees who can provide proof of alternate coverage. Due to differences in contract dates, service union employees are not offered an opt-out incentive. SERB reports that approximately 44 percent of jurisdictions offered an opt-out incentive in 2012. For each employee that receives single coverage and elects to opt out, the City would save approximately \$4,200 annually based on the median incentive of \$1,200. For employees who receive family coverage, savings would increase to \$18,500 for each employee based on the median incentive of \$1,600.
- **High-deductible health plan:** Bellevue should also consider the option of offering a high-deductible health plan. A plan must have deductibles of at least \$1,200 for single coverage and \$2,400 for family coverage to be considered a high-deductible health plan. Such plans feature lower premiums than managed care plans and represent 22.3 percent of plans statewide.

Financial Implication: The City could save approximately \$15,064 by increasing the employee share to statewide averages.

R2.4 The City should negotiate to reduce severance payments to the minimum requirement under Ohio law.

Bellevue has adopted collective bargaining contract language that provides severance payments to bargaining unit employees that are more generous than required by Ohio law. Ohio Revised Code (ORC) section 124.39 details the minimum requirement for the payment of unused sick leave when employment is severed. ORC requires a minimum of ten years of service before an employee is entitled to cash payment of one-fourth of accrued but unused sick leave at retirement. Payment is limited to the value of thirty days of sick leave at the employee's final salary. The City's severance policies are not uniform; **Table 2-9** displays the various sick leave severance policies for each bargaining unit.

Table 2-9: Bargaining Unit Severance

Bargaining Unit	Minimum Service	Payout Rate	Payout Limit	Circumstance of Severance
Service (Hired after 4/2/2005) ¹	1 Year	60%	Unlimited	All
Service (Hired prior to 4/2/2005)	1 Year	90%	Unlimited	Termination (non-disciplinary)
Service (Hired prior to 4/2/2005)	1 Year	100%	Unlimited	Retirement or death
Fire (Hired on or after 4/1/2005)	5 Years	60%	Unlimited	All
Fire (Hired prior to 4/1/2005)	5 Years	90%	Unlimited	Termination (non-disciplinary)
Fire (Hired prior to 4/1/2005)	5 Years	100%	Unlimited	Retirement or death
Police	Full-time, Non-probationary	100%	Unlimited	Retirement or death

Source: City of Bellevue

¹The auditor believes the bargaining unit should refer to employees hired *on or after* 4/2/2005. However, The Bargaining Unit reads "Hired after 4/2/2005" to accurately reflect language in the collective bargaining agreement.

Financial Implication: Each severance policy is more generous than ORC minimums for length of service, payout rate, and payout limit. Additionally, service and fire bargaining units allow payouts for severance other than retirement. ORC does not prohibit the adoption of more generous severance policies; however, these policies cause Bellevue to incur higher severance payments than required. The value of unused and accrued sick leave balances under current severance policies was \$357,135 at the end of 2011. If Bellevue were to reduce severance policies to ORC minimums, the value would be reduced to \$100,247. This would yield a savings of up to \$256,888. Any voluntary severance other than retirement by fire employees hired prior to 4/1/2005, or service employees hired prior to 4/2/2005, would reduce the savings by an indeterminate amount.

Public Safety

R3.1 The City Police Department's website should be updated to better communicate with the public.

The City should install an electronic message feature that allows individuals to send the Police Department messages, tips, questions, concerns, or complaints through the website. All submitted correspondence should be automatically forwarded to the Safety-Service Director, Chief of Police, and Lieutenant. The City should provide a brief, online survey for anyone that has had interaction with a department employee. The survey could be set-up through Survey Monkey. Also, it is recommended that hard-copies be kept at the Department's main office for those that visit in person. The City should post current crime statistics and historical crime data online.

The City should also consider including the number of calls for service, arrests, and citations issued. The City should post the email addresses for the Chief of Police and Safety-Service Director on the websites.

The City should establish a Frequently Asked Questions (FAQ) page that provides answers to common questions that residents call or inquire about. This will assist in providing formal guidance to citizens and potentially reduce the number of calls to the Police Department. The City should establish website pages that provide public information regarding sex offenders, wanted criminals, missing children, public records, and court information.

The City's website (police section) could be utilized to communicate more effectively with the public regarding safety issues. The City needs to ensure that the Police Department leadership has the ability to keep the police section on the website current and up-to-date.

The City should consider modeling its Police Department's website after the City of Oregon Police Department's website located at <http://www.oregonohio.org/Police/police.html>. Oregon's objective is to ensure that the general public has multiple options for contacting their law enforcement leaders.

Oregon effectively uses its website to communicate with the public. It is a portal of information that the public can easily access. Oregon uses its site to combat crime and improve public safety.

The City of Oregon posts the following information on its website:

- Information on missing children
- A Public Records statement
- Crime statistics
- An online survey for anyone that has had interaction with a division employee
- FAQs
- A Wanted Persons page
- Safety Tips

- A list of officers and phone numbers
- A means for sending electronic messages to officers
- A link to its Facebook account (uses it to solve crimes, posts pictures of wanted criminal/suspects)
- A link to its Twitter Account (uses it to solve crimes, posts pictures of wanted criminal/suspects)

By fully-utilizing the website, the Police could ensure that vital public information is easily accessible to the community. Also, it would encourage the community to directly communicate with the Police Department. By gaining more information from the public, the Police Department will become more aware of the needs of the community and be more prepared to combat crime and enhance public safety.

R3.2 The City should begin submitting its crime data to the FBI through the Ohio Incident-Based Reporting System.

The City is not currently reporting any of its crime statistics to the FBI or the Ohio Incident-Based Reporting System (OIBRS). 2002 was the last time the City reported crime statistics to the FBI and it has never reported data to OIBRS, a system that transmits the data to FBI and maintains an Ohio database. The Captain is currently working to have Bellevue begin reporting its crime statistics. He has sent an employee to a training session to learn the appropriate reporting format.

Four of the five peer cities report their crime statistics to the FBI. The reporting cities are Eaton, Hubbard, Kenton, and Mentor-on-the-Lake. By reporting crime statistics, Bellevue will be in a better position to accurately compare its crime data to similar cities.

R3.3 The City should seek to negotiate new contracts for providing fire services to Lyme, Thompson, and York townships by increasing the fees charged to the townships to be proportional to the service levels provided. Upon negotiating the contracts, the City should seek a provision that also addresses the City's future capital investments. If a capital improvement is anticipated in the near future and its cost is known, the City should consider adding an assessment fee into the contracts with the townships.

The City is contracted to provide fire services to three townships: Lyme, Thompson, and York. Each township pays a \$33,000 annual fee to the City. For 2009-2011, the City conducted 158 service runs/incidents to Lyme, Thompson, and York townships. The 158 runs/incidents represented 22.2% of all runs for the City's Fire Department (713 total service runs). The contract fees and charges should be based on the services provided to the townships and city funds should not be used to subsidize the townships' fire service. Based upon the previous three years of service calls, the City should be recouping 22.2% of its total Fire Department's expenses annually from the townships.

The City has made significant capital investments in the fire station, vehicles, and equipment. The townships are not currently paying an equitable share of annual fire operating expenses and not compensating the City for their share of capital investments.

Financial Implication: If the City charged fees to the townships proportionate to the service levels provided, revenues from fees would have been \$18,894 higher in 2011. Furthermore, charging appropriate fees in 2012 would have increased revenue by \$51,188.

R3.4 The City should adjust its compensation for paid-on-call fire fighters to be more consistent with peers. The City should reduce its first hour premium rate from \$35.00 to \$11.78, its second hour rate from \$15.00 to \$11.78, and eliminate annual bonuses.

Bellevue compensates its paid-on-call fire fighters at a higher rate of pay than peers. The City has four different pay grades for paid-on-call fire fighters. The highest grade pays employees \$35 per hour for their first hour response and \$15 per hour thereafter. Thirteen of the employees fall within this pay range. Also, the City pays an annual bonus of \$500 to an employee that responds to a minimum of 40 percent of calls and completes required training. The peers offer an average rate of \$11.78 per hour for all hours worked and do not provide bonuses.

Due to incomplete information, it is not possible to precisely estimate the savings Bellevue would have achieved if its compensation levels were the same as the peer average in 2011. According to the Fire Chief, paid-on-call fire fighters made a total of 987 responses to service runs in 2011. At \$35 for the first hour, that equates to a minimum cost of approximately \$34,545. Since the first hour premium was not increased to \$35 until August, 2011, the cost projection may be slightly high for that year, but is a good prediction of how much the City will spend in future years. In 2011, the City paid a total of \$50,427 to paid-on-call employees, including training pay.

Table 3-1: 2011 Compensation for Volunteer/Paid-On-Call Fire Fighters

	Client	Clyde	Eaton	Mentor -on-the- Lake	St. Marys	Willard	Peer Average	Client/ Peer Difference
Rate of Pay for 1st Hour	\$35.00	\$14.00	\$12.59	\$12.38	\$8.20	\$11.72	\$11.78	\$23.22
Rate of Pay for 2nd Hour	\$15.00	\$14.00	\$12.59	\$12.38	\$8.20	\$11.72	\$11.78	\$3.22
Rate of Pay for Hours after 2nd	\$15.00	\$14.00	\$12.59	\$12.38	\$8.20	\$11.72	\$11.78	\$3.22
Potential Annual Bonuses	\$500.00	\$0	\$0	\$0	\$0	\$0	\$0	\$500

Source: City of Bellevue, City of Clyde, City of Mentor-on-the-Lake, City of St. Marys, and City of Willard.

Financial Implication: Based on the number of 2011 responses, the City could realize savings of \$22,918 (\$34,545-11,627), for first hour of a response, \$3,407 (\$15,882-\$12,475) for the second hour, and \$4,541 with eliminating Potential Annual Bonuses. The total savings could be \$30,866 if paid-on-call compensation levels were more consistent with peers.

R3.5 The City should upgrade the toning-out system that is used to dispatch the 17 paid-on-call fire fighters. The upgraded system should provide the operator with more precise options and controls over who is toned or dispatched. The City should consider dividing

the paid-on-call fire firefighters into two squadrons and then acquire a two-frequency toning system that allows toning-out to one squadron, but not the other. The City should consider utilizing text messaging via cell phones to supplement communication with paid-on-call fire fighters.

The City needs a varying number of fire fighters to respond to each incident or call. Upon receiving a call, the Fire Chief, or on-duty Lieutenant, can often ascertain the man-power needed for an appropriate response. However, the Department's toning-out system forces the City to tone-out/dispatch all 17 paid-on-call fire fighters for every call. This practice often results in more fire fighters responding than necessary. As a result, the City pays for unneeded responders.

City of Eaton has a standard Motorola tone-out communication system. However, the Fire Chief personally supplements communication by texting volunteer firefighters with cell phones. After the tone-out alert, he often follows up with text message describing the situation. Since using text messages, he has increased the response rate by 25 percent for structural fires. Also, he has three call groups on his cell phone. Depending on the situation, he may text a specific group rather than notifying everyone. The fire-fighters typically text back stating their availability. The County's 9-1-1 dispatch that serves Eaton is implementing a system that will text information to fire fighters' cell phones.

In the City of Clyde, the Chief has divided his department staff into three squadrons. He has a two-frequency system that allows him to tone-out one of his squadrons without toning-out the other two. All of the fire officers receive all tones. The system allows him to tone-out the appropriate number of staff based on the situation. He did say that there are systems that allow text messages, but he determined they were too expensive. Also, Clyde is an all-volunteer department, making operation of a text messaging system more difficult.

The ability to tone-out/dispatch only the number of responders needed would reduce costs by not paying for unneeded responders. It is not feasible to precisely predict the total cost savings. However, assuming a *single* call to which 3 fire fighters respond to a one-hour call rather than the average of 14 responding, the city would save \$385. Actual savings would depend on the total number of calls and the number of firefighters needed at each.

R3.6 The City of Bellevue should consider joining a regional dispatch center or contracting with another governmental entity to provide dispatch services.

The City of Bellevue operates its own dispatch center for the Police Department. In 2011, the City employed 3.3 FTEs to operate the center at a cost of \$157,845.60. The center services 9-1-1 calls and handles direct calls into the Police Department. Due to an incomplete call history, the Auditor's office was only able to analyze 9-1-1 call volume from June 28, 2012 to October 25, 2012. During that 89 day span, City dispatchers handled 386 calls, which equates to 4.337 calls per day. It is reasonable to project that the dispatchers will handle a total of 1,583 calls for 2012 at a cost of \$108.71 per call. When needed, on-duty, police officers have filled in for dispatchers. This additional staffing support was not considered when calculating FTEs employed to operate the dispatching center.

The Federal Communications Commission (FCC) formed the Communications Security, Reliability and Interoperability Council (CSRIC) in 2009 to study the consolidation of public safety communications centers. The Commission's report stated, "Consolidation can produce long-term cost efficiencies" and will result in a "better trained and more focused work force, increasing the level of public safety."

The Montgomery County Sheriff's Office began operating the Montgomery County Regional Dispatch Center (MCRDC) in March 2009. Current members of the MCDRC include the following communities: Brookville, Butler Township, Clayton, Clay Township, Five Rivers Metro Park, German Township, Germantown, Harrison Township, Jackson Township, Jefferson Township, Miamisburg, Montgomery County Sheriff's Office, New Lebanon, Perry Township, Phillipsburg, Riverside, Trotwood, Washington Township, and Verona. In addition, the City of Dayton joined the MCRDC in late 2010, once certain technical issues had been resolved. Each community signed a 20 year contract with the MCRDC, and the current fees are set at \$9.00 per call dispatched. In the article *Dispatch center's savings touted* (Dayton Daily News, 2010), the Montgomery County Sheriff indicated that the \$9.00 fee is much less expensive for a community than the cost of establishing and maintaining its own dispatch center. The Montgomery County Sheriff also stated that "...overall, taxpayers will see a tremendous cost savings and there's less duplication in purchasing resources. As technology continues to improve, the necessary equipment keeps changing. We already have the needed equipment, so we are saving the taxpayers those upgrade costs." The MCRDC can handle police, fire and EMS calls for service.

In 2010, the Montgomery County Regional Dispatch Center charged local governments at a rate of \$9.00 per call. At that rate, Bellevue could realize savings of \$99.71 per call or \$157,845.60 annually by participating in a regional dispatch center. The Fire Chief and Police Captain have both expressed support for exploring regional dispatching options that could potentially be beneficial for Bellevue.

Financial Implication: The City's cost per dispatch call is \$108.71, far exceeding the \$9.00 cost per call for members of the Montgomery County Regional Dispatch Center (MCRDC). If it could contract for dispatch services at a rate of \$9.00 per call, Bellevue could realize savings of \$157,845.60 annually.

Administrative Offices

R4.1 The City of Bellevue should publish its budget documents on its website.

The City's official website does not make the budget accessible online.

The Government Finance Officers Association (GFOA) recommends that every government publish its budget document on its website. GFOA further recommends that governments comply with the following guidelines when presenting budget documents online:

- The electronic budget document and the electronic CAFR¹ should be identical to the printed versions of these documents;
- The website should prominently notify users that the information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report;
- The website should prominently inform users whether the budget document presented represents the preliminary budget or the final approved version;
- If a government elects to present the budget documents and CAFRs of prior years, the website should clearly identify these documents as "dated information for historical reference only" and clearly segregate them from current information. A "library" or "archive" section of the website is advisable for this purpose;
- The security of the website should be evaluated to protect it from manipulation by external or unauthorized persons;

Furthermore, GFOA commits itself to taking the following steps to encourage the presentation of the budget document and the CAFR on a government's website:

- GFOA will accept electronic submissions of the budget document and the CAFR in its professional recognition programs;
- GFOA will provide a link on its website to budget documents and CAFRs that are available on government websites.

According to the GFOA, putting budget online can have the following benefits:

Increased awareness: Many potential users of the information provided in the budget document and the CAFR are completely unaware of the existence of these important sources of financial data. Presentation on the government's website is a practical means of ensuring that all those with a potential interest in the government's finances are able to profit from the information they contain.

Increased usage: The difficulties inherent in obtaining any published document pose a significant barrier to usage by ordinary citizens. An additional barrier arises when a government must charge for the budget document or the CAFR to recover the cost of printing or copying.

¹ The reference to a CAFR or Comprehensive Annual Financial Report can also refer to any annual financial reports.

Both barriers are eliminated when the budget document and the CAFR are presented on the government's website.

Application of analytical tools: The availability of the budget document and the CAFR in electronic form makes it easy for users to employ computerized tools to find, extract, and analyze the data contained in these often lengthy documents.

Avoidance of disclosure redundancy: Much information of use to potential purchasers of a government's debt securities is already available in either the budget document or the CAFR. In particular, the statistical section of the CAFR is a rich source of data for investors and analysts. Consequently, the routine presentation of both documents on the government's website may help to avoid redundancy and assist in complying with federally mandated disclosure requirements.

Savings: The length and detail typical of the budget document and the CAFR often make both expensive to print. Electronic publication can help to reduce this cost.

By making the budget available online, the City will make it easier for the community to view and understand its finances and operations. It will also build public confidence and increase transparency of the City government.

R4.2 The IT Department should design and implement a user satisfaction survey and performance measurement system to ensure it is providing efficient services. Establishing performance measures can ensure that the technology staff is meeting its own goals as well as those of the City.

The City has not followed a formal performance survey model and currently does not have a formal performance measure standard.

The City of Westminster, Colorado has been using a customer service performance measurement system since 1989 (Westminster, Colorado Information Technology Department Strategic Plan, 2003). The evaluation system has been designed to:

- Encourage customers to provide formal feedback on services received;
- Promote the guiding principle of outstanding customer service;
- Identify opportunities for continued improvement of IT delivered services by meeting with customers when service levels are rated average or below and;
- To monitor trends in service levels.

The Information Technology Department has enhanced the evaluation process by using an electronic form to collect evaluations from internal customers. The internal customers rate the Department on a scale of one through five, with one representing POOR and five representing OUTSTANDING in the following categories: Technical Knowledge, Communication, Cooperation and Overall Satisfaction with services. The Department sets minimum performance standards annually and works to achieve its goal through communicating and building relationships with internal customers.

The City of Bellevue, Washington creates an annual scorecard to track performance measures for its Information Technology Department. The Ohio Auditor of State's Office IT Division uses an electronic evaluation form to track performance measures for internal customers that use its Help Desk function (AOS IT Division Help Desk Satisfaction Survey).

Developing and using customer satisfaction surveys and performance measures can help to ensure the technology staff is meeting its own goals as well as those of the City. Without such feedback, there is no way to know if customer service and performance goals are being met.

R.4.3 Develop a comprehensive administrative staffing plan. The staffing plan should be developed to cover the Administrative Office, and incorporate a variety of relevant workload and outcome measures that can be used to assess current and future staffing needs.

The City of Bellevue's Administrative Office does not have formal procedures for recruiting employees, making hiring decisions, or determining appropriate staffing levels. Recruiting and hiring decisions as well as staffing levels are determined based on a reaction to expenditures and revenues. Currently, there is no administration employee whose sole job is to perform the human resources and payroll functions for the city. These operations are performed by a financial clerk who is also a member of the employees' union, creating a possible conflict of interest. The administration office has been under-staffed since it was combined with the utilities office. Furthermore, the tax collection office, once part of the administration office, was outsourced to the Regional Income Tax Agency (RITA). When compared to peer cities, the Administration Office for the City of Bellevue has 4.3 fewer FTEs (full time equivalent positions) than the peer average and .52 FTEs per 1000 citizens less than the peer average.

The Society for Human Resource Management (SHRM) publication *Strategic Staffing Plans* (SHRM, June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. A strategic staffing plan forms an infrastructure to support effective decision-making in an organization. In addition, *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.

Lack of a formal staffing plan may result in hiring and staffing decisions that do not coincide with the goals and objectives of the City. A formalized administrative staffing plan will allow Bellevue to openly communicate staffing strategies and priorities with employees, Council, and the community. Furthermore, the City can explain or defend its decisions to hire or reduce personnel based on the objective analysis and clear reasoning that a staffing plan offers.

Public Works

R5.1 The City should adopt a formal capital improvement plan to help ensure that capital projects are appropriately addressed and properly funded.

According to the Safety-Service Director, the City does not currently have formal capital policies or a formal capital plan in place that considers long-term capital projects. Instead, the City's capital planning efforts are conducted annually and consist of a mix of informal meetings with department heads and City administration, as well as formal meetings with City Council. Specifically, the capital planning process begins with discussions between the Safety-Service Director and the respective department heads. The Director then reviews the capital requests with the City Auditor and the Mayor. Capital requests are then submitted to City Council by way of the Auditor's temporary budget submission.

According to *Recommended Budget Practices, A Framework for Improved State and Local Government Budgeting* (Government Finance Officers Association, 1998), "a government should adopt policies and plans for capital asset acquisition, maintenance, replacement, and retirement". It goes on to state that capital policies and plans, "help ensure that needed capital assets or improvements receive appropriate consideration in the budget process and that older capital assets are considered for retirement or replacement. These policies and plans are necessary to plan for large expenditures and to minimize deferred maintenance". In addition, the *GFOA* recommends that capital policies address:

- Inventorying capital assets and evaluating their condition;
- Criteria for acceptable condition;
- Criteria for continued maintenance versus replacement of an existing asset; and
- Identification of funding for adequate maintenance and scheduled replacement of capital assets.

The *GFOA* also recommends that capital plans should:

- Be developed to establish ongoing, multiyear replacement and renewal schedules; and
- Recognize the linkage of capital expenditures with the annual operating budget.

Adopting formal capital improvement policies and plans will help ensure that the City's capital needs are met while also strengthening the City's ability to make informed, data driven financial decisions as they relate to capital endeavors. Having a capital plan in place would decrease the City's risk of incurring significant, unforeseen capital expenditures while increasing its ability to anticipate needed capital projects and repairs. In addition, having a formal capital plan would assist the City in appropriately allocating limited resources among multiple projects.

R.5.2 The City should implement a reduction in force of 1.8 FTEs within the Wastewater Treatment Plant. Doing so could result in significant savings on an annual basis.

Table 5-1 shows Bellevue Wastewater Treatment Plant's (BWWTP) staffing level and workload in comparison to the peer cities. The following conclusions regarding BWWTP's staffing level are based on the actual number of gallons treated in order to control for variability in plant size, water usage, geological/geographical differences that may affect wastewater flow levels, and so forth, among Bellevue and the peer group

Table 5-1: 2011 Wastewater Treatment Plant Staffing and Workload Comparison

	Bellevue	Eaton	Hubbard	Peer Average	Difference	% Difference
Treatment FTEs	4.9	3.5	4.0	3.8	1.1	31%
Million Gallons Produced/Treated	533.1	554.3	722.4	638.4	(105.3)	(16%)
Population	8202	8407	7874	8141	61	1%
Million Gallons Produced/Treated per FTE	108.8	158.4	180.6	169.5	(60.7)	(36%)
Treatment FTEs per 1,000 residents	0.6	0.4	0.5	0.5	0.1	29%

Source: City of Bellevue, City of Eaton, and City of Hubbard.

Unlike the Water Treatment Plant, the Wastewater Treatment Plant is overstaffed in comparison to the peer cities with respect to both water volume and population, as shown in **Table 5-1**. For instance, BWWTP's current staff of 4.9 FTEs treated 533.1 million gallons in 2011, resulting in a workload ratio that is 36 percent lower per FTE than the peer average. Specifically, the BWWTP treated 108.8 million gallons per FTE in 2011, which is 60.7 million gallons per FTE less than the peer average ratio of 169.5 million gallons. Further, BWWTP's staffing level in relation to population is 29 percent higher than the peer average ratio for Treatment FTEs per 1,000 residents.

Based on the peer average workload ratio of 169.5 million gallons per FTE, the BWWTP would need approximately 3.1 FTEs to treat the City's 2011 wastewater volume of 533.1 million gallons, as compared to its current staffing level of 4.9 FTEs. Therefore, BWWTP is overstaffed by approximately 1.8 FTEs in comparison to the peer group.

Table 5-2 shows the financial implication related to a reduction in staffing at the BWWTP to a level consistent with the peer average.

Table 5-2: Wastewater Staffing Reduction Financial Implication

Total Number of Employees	4.9
Lowest Hourly Rate ¹	\$20.43
Standard Work Year (hrs)	2,080
Annual Base Salary Expenditure	\$42,494.40
Annual Insurance Premium (employer share for single person)	\$8,934.30
OPERS Employer Contribution (14% of Salary)	\$5,949.22
Medicare Expenditure (1.45% of Salary)	\$616.17
Annual Worker's Compensation Expenditure (City-wide)	\$74,639.08
Annual Worker's Compensation Expenditure (per WWTP employee)	\$1,144.02
Total Expenditure per Wastewater Plant FTE	\$59,138.10
Recommended RIF	1.8
Total Savings	\$103,764.47

Source: City of Bellevue

¹The lowest hourly rate was used in order to make a conservative estimate and not overstate the potential for savings. The lowest hourly rate for a Water Treatment Operator and a Wastewater Treatment Operator are equal.

Financial Implication: As shown in **Table 5-2**, the total expenditure to the City of Bellevue is approximately \$59,138.10 per Wastewater Treatment FTE, after accounting for wages and benefits. Accordingly, the City could save approximately \$103,764.47, annually, by implementing a reduction in force of 1.8 FTEs in the Wastewater Treatment Plant.

R5.3 The City should hire one dual certified, part-time “on-call swing” operator to work in the treatment facilities. Further, the City should hire one dual certified, part-time “on-call swing” maintenance worker to fill in across Distribution, Collections, and the Street Department. Doing so will allow the City to recover a portion of payroll expenditures for the equivalent amount of man-hours that would otherwise be paid at the overtime rate.

In addition to hiring "swing" personnel, the City should also negotiate to eliminate the provision found in Article 10, Section 1 of the current AFSCME contract which prohibits the hiring of part-time employees in order to avoid overtime.

Lastly, the City should increase its level of oversight with respect to overtime approval by revising its internal overtime policy. Specifically, the amount of allowable overtime to be taken without prior approval from management should be reduced.

Table 5-3 shows the amount of overtime worked in Bellevue’s treatment facilities in 2011 and the corresponding financial implication of hiring one part-time “on-call swing” operator to cover approximately 75 percent of the overtime hours taken.

Table 5-3: 2011 Water and Wastewater Plant OT Savings

Overtime Hours	
Water Plant	783.5
Wastewater Plant	867.75
Total	1651.25
75% of Total	1238.44
Total FTEs comprised by 75% of OT	0.6
Overtime Expenditure	
Water Plant	\$27,196.00
Wastewater Plant	\$28,499.00
Total	\$55,695.00
75% of Total	\$41,771.25
Difference	\$13,923.75
Base Hourly Rate ¹	\$22.02
Hourly Supplements ²	\$1.59
Total Hourly Rate	\$23.61
Total expenditure for 1 part-time "Swing" shift operator³	\$29,239.51
Total Savings	\$12,531.74

Source: City of Bellevue

¹Reflects the maximum possible base hourly rate for a Water or Wastewater Treatment Operator or Maintenance Technician per current AFSCME contract.

² Reflects the maximum possible amount of pay supplements per current AFSCME contract. Does not include longevity pay, as a new hire would not be eligible.

³Assumes ineligibility for benefits. Per current AFSCME contract (Article 34 (C)), employees are not eligible for benefits unless he/she works 32 hours per week for two or more consecutive weeks.

As shown in **Table 5-3**, the Water Treatment Plant and the Wastewater Treatment Plant worked a combined total 1,651.25 hours of overtime in 2011, which resulted in a corresponding expenditure of \$55,695.00.

Table 5-4 shows the amount of overtime worked in Bellevue’s Water Distribution, Wastewater Collections, and Street Department operations in 2011 and the corresponding financial implication of hiring one part-time “on-call swing” maintenance employee.

Table 5-4: 2011 Distribution, Collections, and Street Dept. OT Savings

Overtime Hours	
Water Distribution	849
Wastewater Collection	293
Street Department	242
Total	1384
75% of Total	1038
Total FTEs comprised by 75% of OT	0.5
Overtime Expenditure	
Water Distribution	\$24,995.00
Wastewater Collection	\$10,290.00
Street Department	\$17,891.00
Total	\$53,176.00
75% of Total	\$39,882.00
Difference	\$13,294.00
Base Hourly Rate ¹	\$21.28
Hourly Supplements ²	\$1.70
Total Hourly Rate	\$22.98
Total expenditure for 1 part-time "Swing" shift maintenance worker³	\$23,853.24
Total Savings	\$16,028.76

Source: City of Bellevue

¹Reflects the maximum possible base hourly rate for a Street, Water, or Sewer Maintenance Worker per current AFSCME contract.

² Reflects the maximum possible amount of pay supplements per current AFSCME contract. Does not include longevity pay, as a new hire would not be eligible.

³Assumes ineligibility for benefits. Per current AFSCME contract (Article 34 (C)), employees are not eligible for benefits unless he/she works 32 hours per week for two or more consecutive weeks.

As with the treatment facilities, Water Distribution, Wastewater Collections, and the Street Department worked a significant amount of overtime in 2011. Specifically, the three operations combined for 1,384 hours of overtime and a corresponding combined overtime expenditure of \$53,176.00.

Based on available data, the overtime expenditures do not appear to be driven by sick leave usage or snow and ice control operations. In comparison to Department of Administrative Services (DAS) employee data, sick leave usage in 2011 was lower than the DAS ten-year average among the Street Department, Wastewater Plant, and Collections. While sick leave usage was in fact higher in the Water Plant and in Distribution, usage was exceeded only marginally by approximately 1.2 percent and 10.7 percent, respectively.

Snow and ice operations also do not appear to be significantly impacting overtime. In 2011, Street Department overtime hours accounted for less than 8 percent of the total amount of

overtime hours taken among the Water Plant, Wastewater Plant, Distribution, Collections, and the Street Department.

Instead, the high overtime expenditures could be attributed to factors such as a lack of approval oversight and a degree of understaffing in some of the service areas. For instance, the City's current overtime policy allows employees to earn up to 4 hours of overtime per request without approval from a supervisor or from the Safety-Service Director. Additionally, while the amount and purpose of overtime is recorded in each Department by the respective Superintendent, the information is not tracked. In other words, while overtime information is recorded, it is not compiled into useful reports for use in making management decisions.

As stated, understaffing may also be a contributing factor to the high overtime. As discussed in the Noteworthy Accomplishments on page five of the report, Distribution and Collections are staffed lower than the peers. Correspondingly, Distribution and Collections accounted for approximately 38% of the total overtime taken among the Water Plant, Wastewater Plant, Distribution, Collections, and the Street Department.

Financial Implication: As shown in **Table 5-3** and as previously mentioned, the treatment facilities incurred a combined overtime expenditure of \$55,695.00 in 2011, resulting from a total of 1,651.25 hours of overtime worked. Based on the highest hourly rate for either a Water Plant or Wastewater Plant Class III Operator of \$23.61/hour, the addition of a dual certified, part-time "on-call swing" operator to cover 75 percent of the 1,651.25 overtime hours taken in 2011 would cost the City approximately \$29,239.51. As a result, the City could save approximately \$12,531.74, annually, by substituting its treatment facilities' overtime expenditures with hourly wages for a part-time "on-call swing" operator.

Similarly, the City could save approximately \$16,028.76 as shown in **Table 5-4**, by hiring a dual certified, part-time "on-call swing" maintenance worker with a CDL to cover 75 percent of the 1,384 hours of overtime worked by Water Distribution, Wastewater Collections, and the Street Department in 2011. Combined, the City could realize a total annual savings of \$28,560.

While hiring part-time employees could alleviate some of the overtime expenditures, the current AFSCME contract does not allow this hiring practice. Article 10, Section 1 of the collective bargaining agreement states, "Part-time employees shall not be hired to displace full-time positions or to perform overtime work that would displace normal overtime usually performed by the full time employees in that position" (pg. 13). As a result, this provision would need to be modified in the next round of collective bargaining in order to hire part-time "on-call swing" employees.

R.5.4 The City should consider renegotiating the cost provision of its water purchasing contract to a price of \$0.0010 per gallon.

When determining its future course with respect to Water Service, the City should project, analyze, and compare the total water production costs of:

- **building a new plant;**
- **upgrading the existing plant; and**
- **outsourcing water production entirely to Erie County.**

When conducting the water production cost projections for both building a new facility and for upgrading the existing plant, the City should factor in all associated costs of construction and/or renovation. The City should then compare those cost projections to each other, as well as to the rate Erie County would charge for providing the City's entire supply.

Since 2006, the City of Bellevue has entered into annual contracts with Erie County for the purchase of water to supplement its supply and to offset a portion of its operating expenditures. According to the Safety Service Director, the Erie County water provides several benefits to the City, which includes the following:

- Fulfills the City's need for a secondary water supply, as recommended by the EPA, for protection against drought, contamination, and plant failure;
- Supplies the North Tower and assures proper volume and pressure for the City's industries;
- Reduces the number of shifts needed at the Water Plant, which reduces staffing and utility costs while increasing time available for plant maintenance;
- Allows for expansion toward the North without incurring the cost of new transmission lines; and
- Enables the City to meet the needs of new industry while eliminating the need for a new water plant and the associated costs.

During the interview process, the Safety Service Director also indicated that the Erie County water contract protects the City from being surrounded by Northern Ohio Rural Water, which ultimately keeps the City's northern corridor open for expansion. The Director stated that Northern Ohio Rural Water supplies water to the surrounding rural communities outside of the City in all directions, with the exception of the North. He explained that if the City did not have the contract with Erie County, Northern Ohio Rural Water could possibly begin supplying those northern communities. The Safety Service Director then indicated that this would be problematic because Northern Ohio Rural Water lacks the volume and pressure needed to support new industry, and also because there would be potential conflicts over water district territories.

Although purchasing supplemental water from Erie County may be beneficial with respect to economic development and water supply security, the cost of the contract may be higher than

necessary. In 2011, the City purchased 71,865,596 gallons of water from Erie County for a total cost of \$249,647.29.

Table 5-5 compares the cost of the Erie County water contract with the estimated cost for the City to produce the equivalent amount of water in-house.

Table 5-5: Erie County Contract Cost Comparison

Total Water Expenditure ¹	\$2,090,905.88
Non-fixed expenditure as a % of Total Expenditure	20%
Total Gallons Produced ²	436,441,464
Total in-house cost per gallon	\$0.004791
Non-fixed cost per gallon	\$0.0009582
Volume of Erie County Water (gallons)	71,865,596
Cost to produce Erie County volume	\$68,858.81
Current Cost of Erie County Purchasing Agreement	\$249,647.29
Cost Difference	\$180,788.48

Source: City of Bellevue

¹Total water expenditure minus the amount of the Erie County contract expenditure.

²Total water production minus the volume of the purchased Erie County water.

As shown in **Table 5-5**, the Water Department's total expenditure in 2011 was \$2,090,905.88. However, not all of the expenditure is susceptible to variation as a result of increased water production. According to the Water Superintendent, increased water production does not necessarily increase operating expenditures because almost all of the expenditures are fixed, with the exception of marginal expenditure increases such as electricity and chemical application. Production of the City's typical volume is nearly equivalent to production of the City's typical volume in addition to the volume of water that is purchased from Erie County. For instance, personnel expenditures would be left unaffected by the addition of the Erie County water volume because the amount of water in the contract is not significant enough to require additional man-hours or staffing increases. Likewise, the addition of the Erie County water would not necessitate any upgrades to the Water Department's current infrastructure, as the amount of water distributed would remain the same. Therefore, no additional distribution lines would be needed, leaving current distribution and capital costs unaffected. Also, since the Water Plant produces an average of approximately 1.2 million gallons per day and has a maximum production capacity of 3 million gallons per day, the plant could handle the additional 200,000 gallons per day that is currently purchased from Erie County without increasing capital expenditures.

While taking on production of the Erie County contract water volume is feasible with respect to cost and infrastructure, it is also feasible with respect to supply and demand. The City's water supply is sufficient to satisfy demand without the need for additional water from Erie County. In 2011, the City of Bellevue produced a total of 508.31 million gallons of water, which includes 71.87 million gallons purchased from Erie County. However, the City's entire water supply within its reservoir system amounts to 793 million gallons at "Normal Operating Level", which is defined as the lowest possible water level for aquatic life to survive. If the water supply in all

five of the reservoirs were depleted to “Normal Operating Level”, the City would still have available approximately 284.7 million gallons more than the 508.31 million gallons used in 2011. Further, in an emergency contamination situation, the Superintendent indicated that the City would have 2 to 14 months of water available in reserves, depending on the location of the contamination and the specific intake sources to be bypassed.

Financial Implication: As shown in **Table 5-5**, 20 percent of the Water Department’s total expenditure is non-fixed (i.e., could vary depending on water production). After accounting for this variable or non-fixed portion of expenditures, the cost to produce one gallon of water beyond current production levels is \$0.00009582. As such, the cost for the City to produce the 71,865,596 million gallons as was purchased from Erie County for \$249,647.29 in 2011 is equal to \$68,858.81. Therefore, the City could net approximate annual savings of \$180,788.48 by either producing the water in-house, or by renegotiating the terms of the contract to a price of \$0.00009582 per gallon.

During the course of the audit, the City contracted a water treatment plant study to an engineering firm that will evaluate options for upgrading or replacing the existing plant. According to the City, the study will help determine the manner in which the City will provide Water Service in the future. According to the project proposal, the tentative timeframe to begin construction on an upgrade or replacement facility is 2015-2016. As such, renegotiating the cost of the supplemental water contract with Erie County is beneficial as the annual savings detailed above could be realized for approximately three years.

Client Response

The letter that follows is the City of Bellevue's official response to the performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report and provided adequate supporting documentation, revisions were made to the audit report. While the official response did not require any modifications to the performance audit report, the following is intended to clarify one recommendation mentioned in the Mayor's response:

Regarding recommendation:

- **R5.4 The City should renegotiate the terms of its water purchasing contract to a price of \$0.0010 per gallon.**

The plant produces, on average, 1.2 million gallons per day. Producing the water purchased from Erie County would increase the average to 1.4 million gallons per day, well below the 3 million gallons per day plant capacity.

Additionally, the Water Department Superintendent estimated that the City would have at least two month's supply available at all times if all of the intakes had to be bypassed (if no new water were entering the system for treatment due to contamination).

CITY OF BELLEVUE

MUNICIPAL CITY OFFICES

JEFFREY A. CROSBY
Safety-Service Director

DONALD R. BERKEY
Mayor

DAVID W. FREITAG
Treasurer

Response to Performance Audit City of Bellevue

A Performance Audit was conducted by the State Auditor's office under the direction of James Pyers during 2012 and early 2013. The City on its request was under contract to pay for the audit. It was the hope of the City that the audit team would find some real savings either in methods or the systems utilized by the City to provide its services to the citizens of Bellevue.

As part of the audit, Mr. Pyer's team has published their results and the City has been given an opportunity to respond to those results. It should be noted that several of the audit recommendations were for items that the City had or were in the process of addressing. Unfortunately items that are covered by the contracts negotiated with the various employee units cannot be changed unilaterally. Since 2003, the City has made a concerted effort to address accruals and benefit packages that were having a detrimental effect on the City's bottom line. The accruals were not being budgeted for even though they represented a real and present negative affect on the City's balance sheet.

The City was in the process of addressing and had either reduced or eliminated, longevity; a 26 week additional use of sick leave that was not earned at any time; reduced health insurance from a totally full coverage policy to an 80/20 policy; moved the deductible from 0\$ to a \$500/\$1000 Wellness plan, added and Opt out clause to the plan; added part time employees to the Fire, Police and Service Dept. contracts in an attempt to reduce OT; negotiated a 12 hour work day with the police department; reduced the payout for accrued sick leave to 60% from 100%; limited the carryover of Vacation from 3 weeks to 2 weeks; reduced clothing allowance from \$800 to \$600; removed the policy of paying the employee's portion of retirement and put it back on the employee (from 9 to 10%)depending on the Union. These items were either already addressed or in the process of being addressed when the audit was initiated. We therefore should have expected that these items would not have been used in the audit report since the savings were already understood by the City and since most the implementation was already in place. That being said we will make an attempt to address each of the Performance Recommendations:

Item #R 1.1 ***Purchasing Manual*** – The City will attempt to develop a comprehensive purchasing manual and implement such a manual.

Item #R 1.2 ***Develop a formal budgeting policy that includes both planning and forecasting*** – Item #R1.2 Develop formal budgeting policies that include both planning and forecasting.

Although the current annual budgeting process has not been formalized within a written policy, it has been in place for a number of years and has been accepted by City Council and the Administration. Since 2006, the City has been in a reactive posture due to a decline in revenues. Bringing current operational expenditures under control, given the revenue constraints, has become paramount. The conservative nature of our budgeting process and management style has brought about positive financial results in maintaining an adequate General Fund balance. We will discuss your recommendation to create a “formal budgeting policy” in an effort to enhance our budget documents for both short and long-term planning.

Item # R 2.1 ***The City should negotiate to eliminate longevity payments for service employees*** – The City already has negotiated the elimination of longevity payments with the Fire Dept. Unit and with the Service Department Unit. We are presently in negotiations with the Police Unit and the elimination of longevity payments is presently being addressed. This has been an ongoing process since 2010 with regards to longevity. I would also refer you to the enclosed documentation on Longevity. (Appendix A). The City of Bellevue is not the only City with Longevity pay outs

Item #R 2.2 – ***Limit OT expenses to 1.3 percent of total compensation*** – Overtime in each department is a separate issue. The majority of the overtime in the Street Department is generated by Mother Nature and the City has very little control over that. It is noted in the Auditor’s report that the Street Department is staffed at a lower level than any of the comparable Cities. Lower staffing has a direct correlation to the amount of overtime.

The City has negotiated with the Police unit and the Fire unit to allow the use of part time employees. These employees are called in to cover sick time, vacations etc. and thereby limit OT expenses. The City over the last 10 years has reduce OT expenses drastically and continues to do so.

Overtime in the Distribution and Collection Depts. is also directly related to “Mother Nature”. The weather and the snow melt generates much of the OT in the Distribution Dept. The crew is responsible for operating the pumps at 24/7 when the snow melts and water can be pumped up into Reservoir #5. The collection Dept. OT is also directly affected by the weather. High snow melt or high rain events necessitate OT to continually check the lift stations in town and prevent backups do to clogged inlets etc. (I don’t believe the Peer Cities have reservoirs).

Item #R 2.3 ***The City should adopt strategies for improving the cost effectiveness of the Health insurance program*** –I would first ask why the City of Bellevue was compared to a statewide average rather than a comparison to the peer Cities. We would be interested to know how we stood against the actual peer Cities as we understood the process was to be. That being said, 10 years ago the City had a full medical plan in place with no co pay and no deductible. Over the last 10 years we have negotiated through 9 bargained contracts, that full coverage plan down to an 80/20 plan with a \$500/\$1000 deductible, a Wellness program and a 10% employee pickup along with an OPT out program for those whose spouse was insured. The plan was changed from a standard medical plan to a group medical plan

under OMERSA , with the City being self-insured to a point and a catastrophic insurance coverage for unforeseen medical claims exceeding a designated amount. Under this plan our rates did not increase during the last contracted period.

Item #R 2.4- *the City should negotiate to reduce severance payments to the minimum requirement under law* – The last administration realized in 2003 that accruals were a major issue to the financial stability of the City. Employee accruals for Sick leave, comp-time, and vacation accrual were not being budgeted for. In fact, they were not being accounted for at all. Auditor Steve Smith was concerned that the amount of the accruals was a significant part of the City's financial picture and needed to be accounted for. As was the case with longevity and hospitalization, over the last several union contract periods, accruals have been addressed. Sick leave for new employees is now paid out @ 60% instead of 100% supervisors are paid for sick leave in the year earned instead of accruing sick leave and cashing it out at a higher rate, vacations can only carry over two years instead 3, comp time can only accrue to 260 hrs.

Accruals are an issue and will continue to be until the legislature addresses sick leave and the amount of time an individual can accrue. Sick leave was never meant to be a bank account that was earned at one rate and then paid out at a higher rate.

Item #3.1 *the City Police Department website should be updated for better communication with the public* – In order to establish a better relationship with the public the City has established a Face Book page. The interactive page allows the Detectives the opportunity to receive tips and correspond with the public anonymously. So far, the page is working very well

Item #3.2 *The City should begin submitting the crime data to the FBI through the Ohio Incident Based Reporting System.* – The Chief of Police has been instructed to submit the data and it should be part of the next reporting period.

Item #3.3 *The City should seek to negotiate new fire contracts the surrounding Townships* – The City, only just some 2 or 3 years ago renegotiated the fire contracts with the Townships so that each pays a set fee per year. That fee represented a substantial increase for the Township and much more equitable portion of our fire service cost. Is the cost to the townships truly represent the variable and the fixed costs to the city? No it is not. The Townships could not afford to stand the fixed costs of the Fire service provided. At least for the foreseeable future, Bellevue will continue to subsidize the Townships for Fire Service.

Item R #3.4 *the City should adjust its compensation for Paid- on-call fire fighters to be more consistent with its peers-* the City renegotiated the contract with our Paid-on-call fire fighters just this last year. We have reduced staff in the Fire Dept. from a Chief and 7 fire fighters to a Chief and 3 fire fighters. In order to entice people to join the Dept. it was determined that our ordinance with the Paid on Call fire fighters needed to be addresses. It had been over 10 years since it was last updated. The Bellevue Fire District being located in 4 counties and 4 townships serves a very large area and gas prices called for a first hour response call of \$35 to offset the cost of responding across that large area.\$15 an hour was established

as the cost thereafter. Since that policy has been in place the number of officers has continued to grow and the number of officers that show up to calls has also continued to grow.

Item #R. 3.5 ***The City should upgrade its toning-out system that is used to dispatch the 17 paid on call fire fighters.*** The City has investigated this recommendation and has not been able to find a system that will allow the responders to notify the department when they have received the call and will or will not be responding. Due to the huge area we serve, response is difficult. Time is also a concern. Would the system add to the response time for calls?

Item R. 4.1 ***The City of Bellevue should publish its budget on its website*** – this recommendation has been completed.

Item#R4.2 – ***The IT Department should design and implement a user satisfaction survey*** – Bellevue does not have an IT Department. The City Engineer is the IT Dept. and he handles most of the IT issues that arise. The City farms out its overall IT program. Therefore the cost and value of such a survey is questionable

Item #4.3 – ***Develop a comprehensive staffing plan*** – The City is in complete agreement with this recommendation. The HR function and the payroll function within the City should not be done by someone that is a member of the Union. There is too much information that the position is privy too that is a conflict of interest. A formal staffing plan will be developed and presented to the administration.

Public Works

Item #R 5.1 ***The City should adopt a formal Capital Improvement Plan*** – The recommendation is being implemented.

Item #R 5.2 ***The City should implement a reduction in force of 1.8 FTEs within the Wastewater plant*** – the City finds itself in a difficult position. We would first like to investigate if any of the Peer Cities did all their required testing in house at the Wastewater Plant. Bellevue has a fully certified lab and staff, due to the fact that we have such a large contributor, Bungee, so immediate on the system. We must test for a number of parameters and have the results promptly. Running the tests in house is the only way to accomplish that. Secondly and more importantly we are under orders from the EPA to add one additional staff at this time.

Item #R 5.3 ***The City should hire one dual certified, part time on call swing operator to work in the treatment facilities. Further the City should hire one dual certified, part-time on call swing operator to fill in on the maintenance, distribution, collection and street Department.*** – This recommendation would be something that would be extremely difficult to negotiate into a Union Contract. In a small town like Bellevue, finding an individual that is licensed and qualified in two fields would be difficult if

not impossible to do. Then, to have that qualified person waiting to work part time on call does not seem reasonable to expect.

Item #R 5.4 *The City should consider renegotiating the cost provision of its water purchasing contract from Erie County to a price of \$0.0010 per gallon.* – the City has contracted with URS Engineering to evaluate the water treatment plant and the source of water. Our present plant was built in the 1950's with some major upgrades having been done over the last 60 years. However there continues to be major concern over the condition of the filters and the under piping, the front end of the plant and the lack of detention time in the clarifiers, along with the plants future ability to meet EPA required standards for THM's among other things. The study will evaluate three options.

1. The option of building a new water plant
2. Upgrading the existing plant
3. Outsourcing water production entirely to Erie County

However the recommendation and the suggested purchasing price be lowered can-not be taken at face value. The suggested price does not include a number of relevant factors such as;

- a. The purchase of Erie County water has allowed the City to shut down our facility at night eliminating a major portion of one shift and the costs associated with payroll and benefits
- b. The present purchase price of Erie County water includes the amortization of the upgrades to the Erie County system that were required to adequately provide Bellevue with water, i.e. upsizing of pumps, upsizing of the lines, additional capacity for the tower on Rte. #4 etc. once that amortization is paid for the cost will be reevaluated.
- c. The assumptions that were used in this evaluation were not correct. The system may have a maximum capacity of 3 million gallons per day but the facility certainly cannot operate at capacity for more than a very short period of time without failing to meet the EPA requirements for any number of our operating parameters and certainly not without adding additional hours of operation along with the costs for payroll and benefits.
- d. The quoted cost per gallon does not take into consideration the benefit from having an additional source of finished water that is on the far end of the system. Without Erie County water should there be a break in the transmission line coming directly out of our plant, the City of Bellevue would have no water. If there was a spill of a toxic chemical into the Ditch on Madden Street, the plant would be unable to produce water. For example, in 2011 there was a break in the line on Goodrich going into the Bungee facility. If it not been for Erie County water and our ability to fill the North tower with ECW, Bungee would have been shut down completely. The intrinsic value of having that additional source of finished water cannot be measured. As close as 2005 the plastic companies based on Goodrich Rd were ready to leave Bellevue due to the fact that the water pressures and volumes were so low that their insurance costs were drastically affected. The construction of the North Tower added the pressure and the volume of water from Erie County needed to reduce those costs by bringing their fire protection up to industry standards.

- e. From an industrial development stand point, should there be an industry looking at Bellevue that requires a major source of water, Bellevue can meet that need without major capital investment .
- f. Bellevue's water supply comes from a ditch southeast of Bellevue. When the snow melts in the spring city employees dam up the ditch and pump water into Reservoir #5. Once the weather breaks and the farmers get into their fields we no longer can pump. The nitrogen levels from agricultural runoff are too high. If there is a dry winter with little run off, we cannot pump. Reservoirs are finite. There is a limited supply of water. Over a hot dry summer some 10 to 15% of the water in the reservoir can evaporate. It is very short sighted to think that Bellevue's water supply would not be affected by a drought. Erie County's source is ultimately Lake Erie and insures Bellevue an unlimited source of finished water for the future draught or no draught.

Appendix A:

Ohio Cities/Counties Longevity Comparisons

Amherst, OH

All full time employees are eligible for longevity after 5 years of service:

Non Union	\$8.25 per month (After 5 yrs. =41.25 per month)
Patrolman	\$9.00 per month (After 5 yrs. =45.00 per month)
AFSCME	\$8.25 per month (After 5 yrs. =41.25 per month)
Police Chief & Lt	\$10.00 per month (After 5 yrs. =50.00 per month)
Dispatchers	\$9.00 per month (After 5 yrs. =45.00 per month)
Dispatcher/Comp Tec	\$9.00 per month (After 5 yrs. =45.00 per month)
Fire Chief	\$8.50 per month (After 5 yrs. =42.50 per month)

Akron, OH

The information is in a City Ordinance No. 788-1999. It states In November of each year, each employee with five or more years of service, as of December 1 of that year, will receive longevity pay in an amount equal to the appropriate hourly rate for such employee as of October 1 of that calendar year times 5% of such employee's accumulated paid leave hours as of October 1.

For Example: An employee has 100 hours of paid leave on October 1st. His longevity amount would be 5% of 100 hours or 5 hours. The 5 hours would be times his hourly rate of pay on October 1st. This amount minus taxes and deductions would be paid to him the first pay in November.

Avon Lake, OH

\$450.00 with 6 years of service — increase of \$50.00 each year through 9 years;
 \$675.00 with 10 years of service — increase of \$75.00 each year through 19 years;
 \$1,700.00 with 20 or more years.

Bay Village, OH

\$ 500 = 5 years	\$1,300 = 13 years	\$2,100 = 21 years	\$2,900 = 29 years
\$ 600 = 6 years	\$1,400 = 14 years	\$2,200 = 22 years	\$3,000 = 30 yrs+
\$ 700 = 7 years	\$1,500 = 15 years	\$2,300 = 23 years	
\$ 800 = 8 years	\$1,600 = 16 years	\$2,400 = 24 years	
\$ 900 = 9 years	\$1,700 = 17 years	\$2,500 = 25 years	
\$1,000 = 10 years	\$1,800 = 18 years	\$2,600 = 26 years	
\$1,100 = 11 years	\$1,900 = 19 years	\$2,700 = 27 years	
\$1,200 = 12 years	\$2,000 = 20 years	\$2,800 = 28 years	

Bedford, OH

After 5 years 1.5% of base rate	(Ex: \$750 for a \$50K employee @ 5 yrs)
After 10 years 3.0% of base rate	(Ex: \$1500 " " " " @ 10 yrs)
After 15 years 5.0% of base rate	(Ex: \$2500 " " " " @ 15 yrs)
After 20 years 7% of base rate	(Ex: \$3500 " " " " @ 20 yrs)

Bowling Green, OH

Each full-time, permanent city employee, having five full years of continuous service with the city shall be entitled to an allowance of .5% of his or her current straight time base salary and an additional .5% each year thereafter until a maximum of 5% in longevity allowance is reached. The longevity allowance shall be granted in a lump sum on the first pay day of December of each year. All employees hired on or after June 6, 1983, shall not be entitled to longevity allowance.

Effective July 1, 2001 all full-time, permanent, non-bargaining employees covered by the provisions of this section of the Administrative Code and who were hired by the city on June 6, 1983 or after, shall be granted an annual lump sum payment:

After completing 5 years	\$ 500
After completing 10 years	\$1,000
After completing 20 years	\$2,000
After completing 30 years	\$2,500

Brook Park, OH

\$200 for over 5 years
\$400 for over 10 years
\$600 for over 15 years
\$800 for over 20 years
\$1000 for over 25 years (25 years is the maximum)

Brunswick, OH

4-5 years	\$ 300	22 years	\$2100
6-7 years	\$ 500	23 years	\$2300
8-9 years	\$ 700	24 years	\$2500
10-11 years	\$ 900	25 years	\$2700
12-13 years	\$1100	26 years	\$2800
14-15 years	\$1300	27 years	\$2900
16-17 years	\$1500	28 years	\$3000
18-19 years	\$1700	29 years	\$3100
20-21 years	\$1900	30 years	\$3200

Euclid, OH

Longevity shall be capped at Seven Thousand Five Hundred Dollars (\$7,500.00) per year.

Five or more years = 3.5% of employee's base salary (Ex: \$1750 for a \$50K employee @ 5 yrs)

Ten or more years = 5.0% of employee's base salary (Ex: \$2500 for a \$50K employee @ 5 yrs)

Fifteen or more years = 6.5% of employee's base salary (Ex: \$3250 for a \$50K employee @ 5 yrs)

Twenty or more years = 8.0% of employee's base salary (Ex: \$4000 for a \$50K employee @ 5 yrs)

Geauga County, OH

Longevity by OPBA bargaining agreement, only in the Geauga County Sheriff's Office. Starts upon completion of 5 years @ \$500, goes up by \$100 annually and caps at \$2500 at 25 years.

Huron, OH

Upon completion of 3 years = 1% of base salary (Ex: \$500 for a \$50K employee @ 3 yrs)

Upon completion of 9 years = 2% of base salary (Ex: \$1000 for a \$50K employee @ 9 yrs)

Upon completion of 15 years = 3% of base salary (Ex: \$1500 for a \$50K employee @ 15 yrs)

Upon completion of 21 years = 4% of base salary (Ex: \$2000 for a \$50K employee @21 yrs)

Lorain, OH

Dispatchers:

3 years	\$ 600	10 years	\$2,000	17 years	\$3,400
4 years	\$ 800	11 years	\$2,200	18 years	\$3,600
5 years	\$1,000	12 years	\$2,400	19 years	\$3,800
6 years	\$1,200	13 years	\$2,600	20 years	\$4,000
7 years	\$1,400	14 years	\$2,800		
8 years	\$1,600	15 years	\$3,000		
9 years	\$1,800	16 years	\$3,200		

Fire:

3 years	\$ 675	10 years	\$2,250	17 years	\$3,825
4 years	\$ 900	11 years	\$2,475	18 years	\$4,050
5 years	\$1,125	12 years	\$2,700	19 years	\$4,275
6 years	\$1,350	13 years	\$2,925	20 years	\$4,500
7 years	\$1,575	14 years	\$3,150		
8 years	\$1,800	15 years	\$3,375		
9 years	\$2,025	16 years	\$3,600		

Corrections:

3 years	\$ 600	10 years	\$2,000	17 years	\$3,400
4 years	\$ 800	11 years	\$2,200	18 years	\$3,600
5 years	\$1,000	12 years	\$2,400	19 years	\$3,800
6 years	\$1,200	13 years	\$2,600	20 years	\$4,000
7 years	\$1,400	14 years	\$2,800		
8 years	\$1,600	15 years	\$3,000		
9 years	\$1,800	16 years	\$3,200		

Police:

3 years	\$ 675	10 years	\$2,250	17 years	\$3,825
4 years	\$ 900	11 years	\$2,475	18 years	\$4,050
5 years	\$1,125	12 years	\$2,700	19 years	\$4,275
6 years	\$1,350	13 years	\$2,925	20 years	\$4,500
7 years	\$1,575	14 years	\$3,150		
8 years	\$1,800	15 years	\$3,375		
9 years	\$2,025	16 years	\$3,600		

Non-bargaining employees, as well as managers and professionals *hired on or before 12/31/12*:

5 years	\$ 925	16 years	\$2,960
6 years	\$1,100	17 years	\$3,145
7 years	\$1,295	18 years	\$3,330
8 years	\$1,480	19 years	\$3,515
9 years	\$1,665	20 years	\$3,700
10 years	\$1,850	21 years	\$3,885
11 years	\$2,035	22 years	\$4,070
12 years	\$2,220	23 years	\$4,255
13 years	\$2,405	24 years	\$4,440
14 years	\$2,590	25 years	\$4,625
15 years	\$2,775		

Medina, OH

5-10 yrs	\$324*
10-15 yrs	\$576*
15-20 yrs	\$1035*
20 yrs & up	\$1080*

**Teamsters receive \$60 more per year to the above figures*

Middletown, OH

- 1% of base pay after 10 years
- 2% of base pay after 15 years
- 3% of base pay after 20 years

North Olmsted, OH

AFSCME Longevity; Employees hired before July 20, 1987:

- 5 years 4% of salary
- 10 years 5% of salary
- 15 years 6% of salary
- 20 years 7% of salary

Employees hired after July 20, 1987:

- \$500 after employee completes 5 years of service
- 1,000 after employee completes 10 years of service
- \$1,500 after employee completes 15 years of service
- \$2,000 after employee completes 20 years of service

North Royalton, OH

For safety services administrative:

5th Anniversary \$500	18th Anniversary \$1,800
6th Anniversary \$600	19th Anniversary \$1,900
7th Anniversary \$700	20th Anniversary \$2,000
8th Anniversary \$800	21st Anniversary \$2,100
9th Anniversary \$900	22nd Anniversary \$2,200
10th Anniversary \$1,000	23rd Anniversary \$2,300
11th Anniversary \$1,100	24th Anniversary \$2,400
12th Anniversary \$1,200	25th Anniversary \$2,500
13th Anniversary \$1,300	26th Anniversary \$2,600
14th Anniversary \$1,400	27th Anniversary \$2,700
15th Anniversary \$1,500	28th Anniversary \$2,800
16th Anniversary \$1,600	29th Anniversary \$2,900
17th Anniversary \$1,700	30th Anniversary \$3,000

Oxford, OH

After 5 years - \$450	After 14 years - \$675	After 22 years - \$875
After 6 years - \$475	After 15 years - \$700	After 23 years - \$900
After 7 years - \$500	After 16 years - \$725	After 24 years - \$925
After 8 years - \$525	After 17 years - \$750	After 25 years - \$950
After 9 years - \$550	After 18 years - \$775	After 26 years - \$975
After 10 years - \$575	After 19 years - \$800	After 27 years - \$1000
After 11 years - \$600	After 20 years - \$825	After 28 years - \$1025
After 12 years - \$625	After 21 years - \$850	After 29 years - \$1050
After 13 years - \$650	After 22 years - \$875	After 30 years - \$1075

Parma, OH

After 5 years \$300.00
After 10 years \$600.00
After 15 years \$900.00
After 20 years \$1200.00
After 25 years \$1500.00
After 30 years \$1800.00

Rocky River, OH

Each full-time employee of Non-Bargaining Units hired before January 1, 2003, the following longevity schedule shall apply:

6-7 years = 1% of salary
8-9 years = 1.5% of salary
10-11 years = 2% of salary
12-13 years = 2.5% of salary
14-15 years = 3% of salary
16-17 years = 3.5% of salary
18-19 years = 4% of salary
20 yrs + = 4.5% of salary

For each member of Non Bargaining Units hired after 1/1/03, the following longevity schedule shall apply:

6 years = \$ 600.00
7 years = \$ 700.00
8 years = \$ 800.00
9 years = \$ 900.00
10 years = \$1,000.00
11 years = \$1,100.00
12 years = \$1,200.00
13 years = \$1,300.00
14 years = \$1,400.00
15 years = \$1,500.00
16 years = \$1,600.00
17 years = \$1,700.00
18 years = \$1,800.00
19 years = \$1,900.00

Sandusky, OH

\$ 25 - \$ 150	3 to 6 years (\$25 per year)
\$ 245 - \$ 420	7 to 12 years (\$35 per year)
\$ 650 - \$ 900	13 to 18 years (\$50 per year)
\$1235 - \$1625	19 to 25 years (\$65 per year from 19 years through retirement)
\$1690 - \$1950	26 to 30 years (\$65 per year from 19 years through retirement)
\$2015 - \$2275	31 to 35 years (\$65 per year from 19 years through retirement)

Shaker Heights, OH

Non-Bargaining employees receive longevity payments only for full-time, continuous service with the City of Shaker Heights (directors do not receive longevity pay). Dispatcher Union employees receive the same longevity payments as Non-Bargaining employees:

After 5 years of continuous service	\$350 annually
After 10 years of continuous service	\$500 annually
After 15 years of continuous service	\$750 annually
After 20 years of continuous service	\$900 annually
After 25 years of continuous service	\$1,050 annually

Police/Fire Union employees receive:

After 7 years of service	\$600 annually
After 12 years of service	\$900 annually
After 17 years of service	\$1,400 annually
After 22 years of service	\$2,000 annually

Public Works/Recreation Grounds Maintenance Union employees receive:

After 5 years of continuous service	\$400 annually
After 10 years of continuous service	\$550 annually
After 15 years of continuous service	\$900 annually
After 20 years of continuous service	\$1,200 annually
After 25 years of continuous service	\$1,500 annually

OTHER PUBLIC ENTITIES:

Greater Cleveland Regional Transit Authority

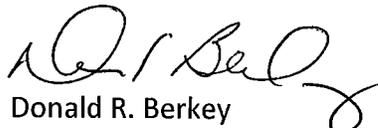
5-9 years = \$300
10-19 years = \$500
20+ years = \$700

Northeast Ohio Regional Sewer District

5 years = \$200
10 years = \$300
15 years = \$400
20 years = \$500
25 years = \$650

Sincerely,

CITY OF BELLEVUE


Donald R. Berkey
Mayor


Jeffrey A. Crosby
Safety-Service Director

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Dave Yost • Auditor of State

CITY OF BELLEVUE

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 23, 2013