

**Review of the North Canton City
Performance Audit Project**

Dated January 9, 2009

**Conducted by the
Auditor of State of Ohio**

**DRAFT
For discussion purposes only.
Subject to revision.**

December 21, 2009

Dear Mayor David Held:

This letter is to summarize recommendations for the City of North Canton based upon our review of the North Canton City Performance Audit, dated January 6, 2009 conducted by the Auditor of State of Ohio.

Based upon our review of that report and our discussions with your staff, we have updated the status of the recommendations for your consideration. The recommendations are listed as an attachment to this letter.

If we can be of assistance in implementing any of the recommendations, please do not hesitate to contact us.

Thank you for the opportunity to be of service to the City of North Canton.

Sincerely,

BRUNER-COX LLP

Kenneth J. Douglas, CPA
Partner

Attachment

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Please note that each recommendation presented below is referenced to a specific recommendation number (R) from the report of the Auditor of State of Ohio's report on the City of North Canton Performance Audit, dated January 6, 2009

R2.1

The City should develop a strategic plan to help it better articulate its program and funding decisions. In accordance with GFOA recommended practices, the City's plan should include a mission, goals, performance measures (see R2.3) and a method to monitor progress toward achieving its goals. The City should ensure that the plan aligns available resources with the service needs of its community and stakeholders. The strategic plan should include a vision statement that integrates the City's programs and business operations so that it can assure long-term stability of its operations. Strategic planning will enable the City to better allocate resources to critical areas that demonstrate effectiveness. The goals in the strategic plan should be linked to the City's capital plan and financial forecast.

R2.1 Recommendation – Strategic Plan**Interviewee: Eric Bowles**

The City is in the process of creating a Master Strategic Redevelopment Plan. The strategic plan scope of services has been approved. The project began before the Performance Audit started. The City applied for a grant from the Hoover Foundation for \$40,000 and also contributed some funds as well. The plan will be done by the Urban Design Center of Kent State University. They are getting regional planners and architects involved in the process. Council signed legislation that approved the scope of services. They are embedding a capital improvement budget into this process and will be working with the Engineering Department on the capital improvements area. This will give the City a long term capital improvements plan. All the phases are defined in the scope and will be approved and phased according to the scope on the last page. Three phases are defined, priced and dated. This process will include extensive involvement and feedback from the community.

R.2.1 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R2.2

The City should develop a government-wide capital plan that is based on priorities outlined in the strategic plan and that uses the capital project list developed by the Engineering Department as a base. The capital improvement plan should be a comprehensive five-year plan that includes a project categorization and prioritization system that provides management with a breakdown between maintenance tasks and capital projects. A preventive maintenance plan should also

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be developed as part of the capital improvement plan, and should address all routine, cyclical, and planned building maintenance functions. Once developed, the comprehensive five-year capital improvement plan should be reviewed and updated on an annual basis to ensure that critical repair work is completed and should be incorporated in the City's financial forecasting and budgeting processes. By developing and maintaining an effective capital plan, the City can better address its current and long-term capital needs and maintenance requirements, in the context of funding and budgetary constraints.

R2.2 Recommendation – Government-Wide Capital Plan and preventive maintenance plan
Interviewee: Jim Benekos

Jim commented that he feels there is a need for a capital plan but they are looking at ways to implement a plan. Jim mentioned that perhaps it would be a part of the comprehensive City plan.

The City has identified water and sewer projects and is doing well with this part of the plan.

Future process. There is a street inventory program that another area political subdivision use that the City is considering looking into. The City would also track curbing.

Streets. They are looking at using a computer program to measure need. Capital plans are great but road replacement plans are subject to change due to turnover of council. The street list may change from year to year due to perceived need and weather. They may want to look at outsourcing this project.

Septic. The City typically does not replace septic with sewer unless the resident requests it.

Interviewee: Eric Bowles (see notes in R2.1)**Interviewee: Tom Chufar**

Tom is working on a maintenance plan for all the buildings. Internal and external needs are being identified so they have a standard maintenance schedule. Both every-day and capital projects are being considered and worked into the budget.

R.2.2 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R2.3

In conjunction with the development of a strategic plan, financial forecast, and capital improvement plan, the City should develop a performance measurement system that evaluates the efficiency and effectiveness of City functions and

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programs. Using its strategic plan, the City should create goals and objectives and specific methods of measuring the progress towards achieving them. In addition, the City should create internal performance targets that can be used in comparison with actual performance data. Likewise, external benchmarks may be used for comparison purposes. Internal and external targets might include workload measures (e.g., fires per 1,000 residents), efficiency measures (e.g., cost per inspection), effectiveness measures (e.g., response times), and productivity measures (e.g., unit cost per effective repair). The City should use the results of its performance measurement system to more effectively manage departmental and program operations and to better communicate the results of operations to administrators, employees, and citizens in its annual budget.

R2.3 Recommendation – Benchmarking and Measuring Services

This is not in the scope of the City's strategic plan. The Director of Finance said the City does post data in the Comprehensive Annual Financial Report (CAFR) and they compare the data year to year. These are done on a department-by-department basis. There may be the need for examination of specific services per Mr. Zumbar.

R2.3 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R2.4

The Finance Director should work with the Director of Administration and the City Council to develop and adopt financial policies for financial planning and for projecting revenue and expenditures (see also R2.5). The financial policies should be used to frame major policy initiatives, such as increasing or decreasing services and department budgets. The financial policies should be summarized in the budget document to communicate to the public and stakeholders how the City plans to manage its financial resources. The policies should be reviewed annually, perhaps during the budget process, by Finance Department staff to ensure they are up to date and relevant.

R2.4 Recommendation – Finance Policies

There is a financial projection prepared by the Director of Finance which is updated annually and the areas where cuts could be made are reviewed. They look to determine if income tax resources are not increased or costs reduced, the budget will not balance. The goal is to eliminate the 2009 deficit with changes made to operations. 2011 is the year when the projected deficit will not be able to be made up without significant service changes. An analysis was done and if City income taxes were increased to cover the deficit, they would need to increase to 2.5%. Annual tax revenues are \$5.5 million now. A ½% income tax increase would bring in another \$1.4 million but in 2013 there is another deficit, even at the 2.5% tax rate.

There were road levies and storm sewer levies on the November 3, 2009 ballot. There will be new monies of \$800,000 which will help the general fund from subsidizing the general fund.

A medical billing company change has helps bring in more money. They don't have to subsidize the fire department as much from the general fund.

The Finance Director and the Director of Administration will look at the policies at report page 2-18. They are not in writing but most are in process or part of an existing City ordinance.

R2.5

The Finance Director should work with the Director of Administration and City Council to develop financial policies and procedures for the development of a five year forecast. A forecast would help the City better understand and plan for varying economic conditions that could affect its services. The policy should address key forecast factors, including responsibility for providing information to stakeholders, periods covered, supporting assumptions, presentation, and any outside consultation.

R2.5 Recommendation - Five Year Forecast

A five year forecast has been developed by the Director of Finance.

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R2.6

The Finance Director should work with the City Council to develop a comprehensive purchasing manual. The following should be included in the manual:

- **Disadvantaged and minority vendors**
- **Emergency purchasing;**
- **Waivers and exceptions;**
- **Contract purchases;**
- **Disposal of surplus property;**
- **Use and restrictions for blanket purchase orders;**
- **Purchasing thresholds; and**
- **Use of purchasing cards.**

Each operational unit should be provided with a copy of the purchasing manual or it should be placed on a City-wide intranet that can be easily updated and accessed by staff. Furthermore, the Finance Director should review key components of the manual with staff. Finally, the manual should be updated on an annual basis or when significant changes to policies and procedures occur, and staff should be trained on these changes.

R2.6 Recommendation - Comprehensive Purchasing Manual

There is not a formal purchasing manual for the City of North Canton but a consistent process is followed for large purchases. Each budget lists capital items that the city will be purchasing. Each purchase above a certain amount goes to council for approval for the purchase.

During the budget process, a list of needs is prepared by each department. Luxury items are not purchased, and there are some items that are needed that are being forgone because of budget limitations.

All departments have a five-year capital replacement schedule so they know when the replacements will be needed and these are put into the budget request.

R2.7

The City should consider the cost savings and benefits of participating in purchasing programs like the U.S. Communities Government Purchasing Alliance, purchasing card programs, and on-line auctions. Using the U.S. Communities Government Purchasing Alliance could result in cost savings for departmental purchases, as the consortium uses economies of scale to obtain better pricing on commonly used goods. A purchasing card program simplifies authorization,

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payment, and the review processes for small dollar items. Finally, online auctions increase bid competition, reduce advertising and mailing costs, reduce required storage space, and enhance a government's web presence.

R2.7 Recommendation - Purchasing Programs

The City currently participates in a state purchasing and group purchasing for salt through ODOT.

They are also replacing soap, toilet paper, etc. so there is only one type that fits every building so it helps them buy in bulk due to standardization.

The City will need to meet to specifically address the availability and benefit of participating in purchasing programs like the U.S. Communities Government Purchasing Alliance.

R2.8

The City should evaluate the different services that could potentially be outsourced within its service and safety departments and determine if outsourcing these services would benefit the City. In order to evaluate whether this would be beneficial, the City should first determine what services it would outsource, the cost of outsourcing the services, the cost savings from the reduction in City staffing or cost avoidance of hiring additional staff, and the benefit of the potential reallocation of staff to other City departments. To evaluate the costs and benefits of outsourcing, the City should follow the steps recommended by the Government Finance Review. Furthermore, the City should use surveys and town meetings to collect feedback from its residents about the issue of outsourcing and the services provided (see also Service Departments). By regularly assessing the level of services offered, as well as the costs and benefits of outsourcing certain services, the City can ensure that it is offering its services in a cost effective manner and meeting citizens' needs.

R2.8 Recommendation - Outsourcing

Privatization of City services is discussed in various sections of the audit. (See R2.8, R2.9, R3.3, R3.6, R3.9 and R4.8). Safety services will be covered in recommendations under R3 recommendations.

Interviewee: Tom Hampton

Outsourcing the building department would not be prudent because it would remove funds from the department that helps supplement other functions of the department such as zoning. The City also provides a great service. They are a state certified building department. Consolidating with the County would not work well because of delays and lost funds to supplement other services that can not be recouped from fees. They also have a one stop shop for all services under the current set up which is favorable to users of the department.

With the budget struggles of the County and City of Canton, it would not be prudent to add more to their plate. There may be cost cuts that would affect service. The City of North Canton understands that time is money in the contractor's eyes. Everything is "today" and the process is fast track. They don't get bank draws until equipment is moving on the job and any delay in the process will hurt area businesses.

Interviewee: Engineering Jim Benekos

The state auditors made recommendations for outsourcing but they did not interview the Engineering department or Jim. The department does outsource if there are peaks in the demand for inspections and the current staff is not able to manage the load.

The people in the office are not just doing inspections so there are other functions of the job that would still need to be done regardless of outsourcing.

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Interviewee: Alex Zumbar

Utility billing was outsourced when equipment for mailing internally needed replaced. An analysis was done to compare the cost of replacement with outsourcing.

Interviewee: Eric Bowles

The City's Economic Development is a department of one and uses outside resources to accomplish tasks such as the strategic plan. Mr. Bowles has received a lot of grants but he has to administer the grants which limit his other duties. He could use a part-time person to help with his department for the more repetitive and routine functions such as grant administration and sending out letters.

R.2.8 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R2.9

Once the City has identified any services it desires to outsource as recommended in R2.8, it should develop policies and procedures for the procurement and management of contracted services as outlined by the National State Auditors Association (NSAA). Furthermore, the City should ensure that its contracts contain strict expectations, performance measurements, and financial incentives and penalties. Without a strong contract with strict performance requirements and proper performance monitoring, the benefits of privatization can quickly disappear.

R2.9 Recommendation - Outsource Policies

The City's unwritten policy is that they will cost benefit and look for opportunities for outsourcing to determine what is the most cost affective way to provide responsive city services.

R2.9 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R2.10

In an effort to help offset deficit spending and to avoid a potential deficit by 2010, the City should implement the performance audit recommendations contained in this report. However, because the recommendations do not fully address deficit spending or potential deficits, the City should explore revenue generating options to offset shortfalls.

The City is evaluating the recommendations of the Performance Audit and is considering implementation where the recommendation is appropriate based on analysis done. Many recommendations have already been implemented and some changes were in process prior to the performance audit.

R2.11

The City should develop policies on debt issuance and management, as well as debt level and capacity (see R2.4). In conjunction with these policies, the City should consider reducing the payment applied towards the debt for the Fairways of North Canton. Specifically, the City should consider making payments no larger than the revenue received from lease payments, minus the issuance cost and interest payments. This will allow for additional funds to be directed to City services.

R2.11 Recommendation - Debt Issuance Management and Debt Level Capacity

In 2009, the City had budgeted the payments to the amount of the lease payment to be received. The Fairways debt is now down to \$800,000 and the City is paying \$100,000 a year to reduce the debt. In the future, after debt is paid, this will begin to generate revenue for the City. The course is 105 acres of green space. The renters are maintaining and running the facility.

R.2.11 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R2.12

The City should attempt to limit its negotiated wage increases for all bargaining and non-bargaining employees to zero percent in 2010, 1.0 percent in 2011, and 1.0 percent in 2012. Limiting the negotiated wage increases will help reduce future liabilities and limit future deficits.

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R2.13

The City should negotiate an increase in the employee contributions for health insurance benefits to 10 percent, which is the SERB average for employee contributions for cities in Ohio. Increasing employee contributions will result in cost savings for the City, while aligning the City's benefit programs to industry standards. However, increasing employee contributions will be dependent on renegotiating collective bargaining agreements.

R2.14

Although the City's health premiums are lower than benchmark standards, the City should consider re-structuring the design of its health insurance plan to increase copays and co-insurance, deductibles, and out-of-pocket maximums to industry benchmarks. Requiring employees to share a greater proportion of the costs of health insurance, as other organizations do, will create an incentive for employees to be prudent in insurance utilization and help control costs. Furthermore, the City should consider implementing a wellness program to promote health behaviors which can have a positive impact on health claims.

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R2.15

The City should attempt to renegotiate provisions within its employee bargaining agreements that exceed peers or industry standards. These provisions are costly to the City, and successful renegotiations could result in significant savings.

R2.16

The City should develop a more detailed policy on patterns of sick leave abuse and negotiate to include language in its contracts on what constitutes a pattern of abuse. To identify potential patterns of abuse, the City should begin actively monitoring the use of sick leave through management reports prepared on a monthly basis. In addition, the City should consider following the American Society for Public Administration's (ASPA's) suggestions for effectively controlling sick leave abuse. Before implementing this recommendation, the City should consult with its legal counsel to ensure the policy language is appropriate and in line with statutes, that all required notices are given to employees concerning the policy, that the discipline procedures are fair and appropriate, and that a process that is compliant with applicable laws is in place for employees to dispute sick leave abuse claims. Aggressively monitoring sick leave should allow the City to better identify sick leave abuse and address chronic absenteeism.

R2.12, R2.13, R2.14, R2.15 and R2.16

The City has made significant strides in negotiations.

The Engineering Department is looking at implementing levels within the collective bargaining agreement that would allow them to tier like the service department so they do not have a huge jump when they should be at a lower level. This is a negotiable item.

Succession - In five years everyone in his department will be gone, including himself.

Finance Department needs to plan for retirements in the next five years.

Police - There were changes made to healthcare. Right of first refusal came out of the contracts. All paid time off was calculated towards overtime and that came out. Now no paid time off counts toward the calculation of OT.

EMS/Fire - now they have a lot of part-timers to reduce OT rate.

R2.12, R2.13, R2.14, R2.15 and R2.16 were also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R2.17

The City should ensure it annually evaluates staff in all departments. Regularly evaluating employees would provide employees with valuable feedback on their performance and track progress on meeting performance expectations.

R2.17 was not specifically addressed during the interview process and will need to be followed up on. Mr. Earle Wise is in the process of following up on this recommendation.

R2.18

The City should develop a succession planning policy and program, based on retirement projections, that identify internal staff capabilities for each department, gaps in organizational skills needed as employees retire, and strategies for meeting future staffing needs. Similar to the model used by the City of Sacramento, North Canton should analyze leadership turnover, past hiring practices, and the potential to develop talented employees from within as part of staff planning. As part of an annual employee evaluation process (R2.17), the City should assess career advancement potential to determine the best candidates to fill management positions as employees retire from key positions.

R2.18 was not specifically addressed during the interview process and will need to be followed up on. Mr. Earle Wise is in the process of following up on this recommendation.

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R2.19

The City should monitor the implementation of economic development planning recommendations developed by the North Canton Economic Development Task Force (NCEDTF) and any future recommendations from the Master Redevelopment Plan for the City. The Master Redevelopment Plan should be codified to increase the likelihood that recommendations will be implemented. Monitoring economic development plan recommendations would help North Canton better coordinate economic development projects with other community agencies, effectively allocate funding to projects, and identify goals and performance measures for economic development.

R2.19 Recommendation - Implement Economic Development Planning Recommendations by NCEDT Force

The City has been following the recommendations of the economic development task force however, when the task force was put in place, the Hoover Company was still in existence so many of the recommendations are now irrelevant. The Master Strategic Development Plan scope will revisit the original recommendations and a full time Economic Development Director was hired mid-2005 to address Economic Development in the City.

R2.19 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R2.20

As a part of its economic development planning process, the City should consider implementing the following activities:

- Survey businesses and industry to determine needs;
- Aggressively promote redevelopment projects through print, radio and the Internet;
- Take concrete steps to correct current and future blight (see R2.22);
- Partner with area universities, research centers, and businesses to enhance services provided to businesses and to improve economic development planning; and
- Identify key assets in the community and develop plans to develop these assets.

Implementing these strategies, as well as redeveloping the Hoover Company property and targeting investment to revitalize downtown, should create conditions for growth, which attracts businesses and jobs to the community.

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R2.20 Recommendation - Business Survey, Aggressively Promote Redevelopment Projects through Print, Radio and Internet, Correct Blight, Partner with Area Universities, Identify Key Assets in the Community and Develop these Assets**Interviewee: Eric Bowles**

The Economic Development Director surveyed community leaders on what would attract new business. Waterside is a development area that is set to attract smart office users. They look at a business development and retention program. Statistically, the businesses in your own community create the most new jobs so retaining is most important.

A Synchronist survey was done in 2008 to survey area businesses. The City will be repeating this survey next year. The current policy is to run the survey every two years. The City worked with the Chamber of Commerce who now owns the software used to conduct the survey.

A grant from the Ohio Department of Development was obtained for \$5 million for redevelopment of the former Hoover Company. Once completely built out, the intended level of employment is 525 to 550 jobs. The former Hoover site and Waterside build out will result in jobs and once complete, the City will be much more diversified regarding the number and types of companies. Once the City is built out, they will turn their attention to redeveloping already developed areas which is what he referred to as Main Street project.

The City has just put out their major advertising for Waterside and Hoover projects as required by a grant. They are also working with a local advertising company to develop a convention plan to bring trade shows to get the available properties in front of as many people as they can. The City's schools, housing stock, low crime rates, and its location are very attractive.

There is not a lot of blight in the City but there are areas that need to be addressed. The City is researching covering some demolition costs on the worst housing stock and the units that need knocked down. The initial amounts for demolition will be a modest amount and build from there.

The City performed a survey of housing stock and the average age of City housing shows 1951 as the average built date. In order to ensure that the properties stay viable and are not tripping over to rental due to deferred maintenance, Community Reinvestment Area (CRA) proposals are being considered. CRA a tool for areas of disinvestment. So is to aid in reinvestment in their residents.

The City has worked with an area university partnership for the 629 grant it was key because they have Kent State, Stark, Walsh, Malone, etc. are a very short distance from City.

R2.20 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R2.21

The City should review its fee schedule on an annual basis to determine if fees are appropriate for the work being conducted. Furthermore, the City should develop a formal policy on setting fees (R2.4). By developing a formal policy on fee setting and establishing a formal schedule to analyze fees, the City can ensure that it is recouping the desired level of its costs for providing these services to residents. In July 2008, the City approved a new fee schedule for building permit fees, mechanical heating and cooling, plumbing and electrical permit fees, inspections, plan reviews and planning and zoning application fees.

R2.21 Recommendation - Fee Schedule**Interviewee: Tom Hampton**

Fee rates were increased in 2008 and the City will introduce fee updates for 2009 for other items without fees or that were out of date. The City looked at surrounding communities and what their department costs were. They still are not covering their department costs but they are stepping up possible rate increases so that there is not a major jump in fees charged.

Going forward, the City will examine fees on an annual basis. The City understands the need to recover the cost of providing the service but does not want to price themselves above the average area rates but they want to cover their cost of overhead or a percentage of overhead. The City believes there is a ceiling to what the community will tolerate for fees. Last year, they were in a 70% range of cost recovery according to the department's analysis. The City will review the fee schedules annually but they'd like to adjust fees at least every 5 years.

Interviewee: Jim Benekos

He does not set a lot of fees. Some cities charge for subdivisions but they've only had one subdivision put in since Jim's been here. There are not a lot of fees the engineering department would charge for.

R2.21 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R2.22

The City should improve the effectiveness of its property maintenance and building inspections by doing the following:

- **The City should require all rental property owners to obtain an annual Certificate of Occupancy.**
- **The City should also consider requiring exterior inspections to be completed. This can be done by selecting different streets to be inspected each year until all homes have been inspected within a specific time frame. For example, the City**

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could set a goal that all houses will have been inspected every three or every five years. The City should also develop a standardized checklist to be used for completing these inspections to ensure consistency in the process.

- The City should begin to complete fee-based point-of-sale inspections for all home sales to ensure that structures are up to code prior to sale, similar to the process used in the City of Shaker Heights.

Also, the City should ensure that its new ordinances and fee schedules are easily accessible on its website. Using these strategies, the City will be able to develop a comprehensive property database which will, in the future, help the City assist property owners in resolving code issues in a timely manner. Furthermore, by completing exterior and point-of-sale inspections, the City will be better able to ensure that the conditions of residential and commercial properties in the City are maintained or improved.

R2.22 Recommendation**Interviewee: Tom Hampton**

The City aggressively enforces their property maintenance code. They City currently responds to internally and externally generated complaints. They would like to see the program implemented but there are funding issues. The city would need to add staff to implement a full annual Certificate of Occupancy program. There is already time spent just to keep the rental list up to date. Roughly one third of housing units in the City are rentals. Roughly two to four percent of rentals properties are in need of maintenance. They are not blighted.

Only 60% to 70% of the increased manpower costs will be recovered by fees collected.

The City has a contract for a computer program for residence maintenance issues. They have an old program in for the building department and if they need to replace it and will cost about \$80,000 to replace it if it goes down. They are going to look at an alternative vendor to tie in a program to finance software. There will be a learning curve for any program updates.

R2.22 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R3.1

The City should develop and implement a fee schedule that allows the NCFD to recoup its costs for providing fire prevention services. Furthermore, the City should adopt policies that outline the manner in which fees and charges are established, and the extent to which fees will cover the cost of the service provided (see R2.4 in administration and city management). This should help stakeholders develop a better understanding of the cost of services and assist the City in determining the appropriateness of fees. Lastly, revenue from fees that are collected for inspections completed by the NCFD should be shown as departmental revenue, as the cost for the inspections are reported as NCFD expenditures.

R3.1 Recommendation - NCFD Fee Schedule for Fire Prevention Services**Interviewees: Chief Bacon & Alex Zumbar**

Fire inspections are billed through the building inspection department. The fees are going through the building inspection department. No fees are collected by the fire department. The permits and inspections department does this. Tom Hampton and Chief Bacon have discussed raising fees but that is a decision for council.

R3.1 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R3.2

The City should review its current EMS fee schedule and make revisions to its processes to maximize collections. Also, it should consider an increase to the fee for basic life support for non-residents to bring its fees more in line with the peers. Furthermore, the City should eliminate the practice of "soft billing" residents who receive EMS services. By realigning costs and eliminating "soft billing," the City would be able to recoup its costs for offering EMS services. Furthermore, the City should closely monitor the billing and payment information for its EMS services, such as the amount billed and the amount collected, as well as write offs. It should also develop and monitor performance measures and benchmarks, including service, billing, and collections data, and use the data to make informed decisions pertaining to its EMS operations (see administration and city management for further discussion of performance measures).

R3.2 Recommendation -EMS Fee Schedule**Interviewees: Chief Bacon & Alex Zumbar**

The EMS fee schedule is controlled by ordinances by council. Residents are soft billed and nonresidents are hard billed. Fees for EMT were inspected by the Director of Finance and the Fire Chief and the Medicare is covering a percentage. There is a levy that helps defer some of

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the costs. They compared the fees with surrounding communities and their fees are comparable. The City feels if they raise their fees they would just have more write-offs. There are instances where residents receive insurance checks and cash it rather than use it to pay their bill to the City. The City has a policy to collect those fees. They use Ohio Billing Inc. as their billing and they have increased collections with this new company. The City will review fees at least every 5 years but they are competitive with everyone else in the County. The levies were permanent continuous levies and were put in place in 1982 and 1983. The majority of the calls are for residents so if they raise the fees they will have more write offs because only outside residents, about 20 to 30 calls a month (250 a year), would pay the increased fees.

NCFD has a little over 2,000 calls per year. They only called mutual aids 4 times last year. They provided mutual aid outside the City about half dozen calls a year. EMS runs are charged for outside calls.

R3.2 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R3.3

Furthermore, the City should closely monitor the billing and payment information for its EMS services, such as the amount billed and the amount collected, as well as write offs. It should also develop and monitor performance measures and benchmarks, including service, billing, and collections data, and use the data to make informed decisions pertaining to its EMS operations (see administration and city management for further discussion of performance measures).

R3.3 Recommendation - Service Consolidation**Interviewees: Chief Bacon & Alex Zumbar**

Fire department has volunteers, 3 full time medics per shift and part time employees. There are three items they bill -- advanced life support, basic life support and mileage fees.

Privatization. They have no private ambulance services operating in the area because privates will not come into a community that does not have a high call volume. If they do a combined Fire/EMS levy, there may be an opportunity for the City to be a back up to a private ambulance company and they would pay the City based on performance and service. The City is handling the need now so there is no spot to put the private and there are not enough calls in the area. Privates maximize service areas.

The senior homes in the community promote the City's units because of the service they provide to the community.

Cross training. The City has nine full time paramedics, eight of them are paramedics only, and the last one they hired was a firefighter/paramedic. When hiring at the entry level the hire will

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have to be both firefighter and paramedic training. Cross training took place prior to the Performance Audit. Many volunteers are both firefighters and paramedics.

A practice that has reduced overtime is using part-timers. The union has the right of first refusal by contract.

Equipment maintenance plan helps stretch the use of equipment past its average life which saves costs.

Strategic alliances or cost sharing among neighboring communities - regionalization. There would be increased costs if a regional approach is used because North Canton has a part-time staff 7 am to 7 pm they are staffed full-time and 7 pm to 7 am. With the current staffing level there is a time delay after hours and they couldn't reciprocate to other communities without adding costs to the City by increasing staff on hand. The City wants to retain a part-time department to save cost. Mutual aid works under the current staffing but automatic aid would cost local taxpayers more to staff.

The creation of a fire district would also cost more because the City would have to have full-time people. It may decrease the overall cost for the overall district but it will increase the City of North Canton as a city.

R3.3 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R3.4

The City should increase its efforts to apply for grants to offset service costs. To accomplish this task, the NCFD Chief should use the resources provided by the U.S. Fire Administration to explore alternative funding for fire and emergency services. The Department should place a priority on grant writing and ensure that this task is completed by knowledgeable professionals within the Department. (See also R3.5)

R3.4 Recommendation - Grant Writing**Interviewee: Chief Grimes**

The City has hired an independent contractor as a grant writer and are beginning to write more grants but they are limited to what they can apply for due to the socioeconomic status of their residents. The City sent Chief Grimes to a grant writing class. School Resource Officer (SRO) grant obtained due to that was \$6,000.

The government grant site is where they look for a comprehensive list of grants, and the grant writer also researches and makes the City aware of eligible grants.

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Interviewee: Chief Bacon

They use the same grant writer as the NCPD for grant writing. The department received a grant to replace all air packs. Donations from area companies are also received. CDAP grant \$30,000 was received and will be used across the PD and FD. Many grants require a full-time department to award grants. Many grants are for equipment and the department's equipment is newer so there is no need for grants for replacement at this time.

The department reviews their departmental needs against a grant list to identify what they may be able to write a grant. The FD uses old PD cars for City vehicles for inspectors. They looked for and applied for a grant for a building to combine department buildings so all EMT and fire service would be under one roof.

R3.5

The City should pursue alternative funding solutions to help offset the cost of certain activities of the NCPD. Alternatives include increasing the number of grant applications in an effort to increase grants received and heightening community involvement in fund raising activities. The City should also establish formal guidelines for grant management.

Interviewee: Chief Bacon

They City does not charge for fire calls. The City does not have large fires so a new fee would not generate income. They only have 3 to 4 structure fires a year and they are considered small.

They are at Walsh 3 to 4 times a week. They do not typically have false alarms. If smoke fills a room due to cooking, that is not a false alarm. Since they have new buildings the alarms go off for no reason. This doesn't happen often and has been corrected. If they have to respond to dorms an inordinate amount they will change the policy. If Walsh has more than 3 alarms the City gets involved and that has solved a lot of their problems. Walsh has their own private police department which also helps control false alarms.

R3.4 and R3.5 were also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R3.6

The City of North Canton should consider outsourcing dispatch services to one of the area's dispatching centers. The City should follow established policies and procedures for the decision-making process when considering outsourcing the dispatching function (see administration and city management). This would help ensure that the City receives dispatching, or other contracted services, at the desired services levels and in a cost efficient manner.

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R3.6 Recommendation - Regionalized Dispatch**Interviewee: Chief Grimes**

There is currently a proposal for County wide regionalized dispatch. Regional dispatching will not elevate the need to dispatch other services in-house that emergency dispatchers currently undertake that would not go away. The projection is that \$80,000 a year would be saved with a regional dispatch center. They would still have to dispatch for road crew or a collapsed road, for example because 911 would not dispatch these calls.

They also looked at CenCom for dispatch. CenCom does not specialize in police departments but would be able to dispatch other services in the city and take ten-digit calls. They have done further research and tested the radio system. They are working out pricing with Chief Peterson of CenCom but have put the research on hold until the County 911 package is know.

Interviewee: Chief Bacon

County wide regionalized dispatch was agreed to when it was free and the same or better service than it is now. The City has not been presented with a formal plan so there is currently no way to guarantee the same or better service.

R3.6 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R3.7

The City should create fee schedules for services provided outside the typical scope of policing functions. In particular, a fee should be instituted that recoups the cost of the crossing guard services provided to the North Canton City School District.

R3.7 Recommendation - Fee Schedules**Interviewee: Chief Grimes**

The City is now charging half of the crossing guard fees to the schools. The police department continues to run the program.

PD establishes rates for other programs where PD is needed. Football games, etc.

Civic Center - PD service is outsourced by Buckeye Security to save overtime costs.

R3.7 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R3.8

The City should consider purchasing mobile data terminals (MDTs) for NCPD's fleet. A portion of the cost of this purchase could potentially be offset by grant funds

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(see R3.5). The City should also work with surrounding law enforcement agencies to consolidate resources for acquiring wireless technology for the MDTs. In conjunction with the purchase of MDTs, NCPD should develop a formal technology plan. Furthermore, the City should develop an annual needs assessment to prioritize projects and continue to update the technology plan to correlate with actual spending and current budgets. Direct funding should be committed to each goal identified within the technology plan, aligned with strategic planning, and be consistent with the City's budgeting policies and procedures (see administration and city management).

R3.8 Recommendation – MDTs**Interviewee: Chief Grimes**

MDTs will increase efficiency but will not save a lot of money. The actual cost of MDTs is higher than what was listed in the Performance Audit report due to connections. The actual cost would be \$10,000 to \$12,000 per unit and legacy costs to maintain the system. There is an estimate of \$100,000 initial installation. The department did upgrade the secretary's software to input reports faster. Using the secretary to input reports allows the \$100,000 to pay for an officer on the street vs. computer costs.

The City may explore grant opportunities to pay for the MDTs.

The City had a technology committee in the past but the project did not move forward and is out of date now.

R3.9

The City should explore alternative models of service delivery for its police service. The City should examine cross training, altering its patrol methods, transportation practices, refurbishments, and fuel contracts. These activities could potentially increase service delivery while decreasing operational expenditures. Furthermore, the City should periodically evaluate service delivery alternatives by performing a competitive analysis and researching opportunities to consolidate services with neighboring governments. Decisions on outsourcing and consolidation should also include community input to determine the impact of potential operational changes.

R3.9 Recommendation - Alternative Models of Service Delivery**Interviewee: Chief Grimes**

The department has four cars a day on the street. They do not feel they have capacity to use for fire, too. See notes on 3-27.

Foot patrol was considered when fuel prices were high but the City area is larger and foot patrol would not be as affective.

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The cars used for the PD are Crown Vic V8's. It was found that the smaller cars with a V6 had less room and did not allow adequate room for equipment. The Department has a capital plan for fleet replacement so they do not have to buy several vehicles at once.

Fuel contracts are bid out once a year just for the City. They use vendors in towns to control costs.

R3.9 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R4.1

The City should conduct an annual survey to effectively gauge overall citizen satisfaction with City services. The survey should measure community expectations and should be used to measure performance of departments and satisfaction with the services they provide, identify improvements that may be needed, and help prioritize City functions and services. If the City decides to alter its level of services, the survey should be used to determine what services are most important to its citizens.

R4.1 Recommendation - Measure Community Expectations

A community survey was constructed by a group of community volunteers and was sent out in November 2009. The City will have to consider whether they want to make the survey annual or make it available on-line.

R4.2

The City should consolidate its various service functions into one Public Utilities/Operations Department that is overseen by a single administrative position. To facilitate the consolidation, employees within the various functions should be cross-trained to work in several service areas. The City should also use performance data (R2.3 in administration and city management) to reassess staffing levels after consolidation to determine areas warranting staffing changes. By having a single department staffed by cross-functional employees, the City will be able to better manage and allocate employees to its critical service-related tasks.

During the course of the audit, the City indicated that it had begun cross-training in various areas such as street sweeping, traffic control, water main breaks, sewer care and jet operations, storm pile installation, and patching.

R4.2 Recommendation - Consolidate Various Services Functions

The City reorganized its Service Departments in 2008. The departments of Parks & Recreation, Streets, Storm Sewer, Sanitary Sewer and Water Distribution are now consolidated under one superintendent.

R4.2 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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R4.3

The City and its Streets operation should develop and implement a street cleaning plan that includes a level of service statement detailing the location (routes), frequency, and time of various street cleaning activities. The plan should be updated annually to ensure the current routes allow for the most efficient street sweeping operations. In addition, once performance data is tracked, the Superintendent of Utilities, Services, and Recreation should review street sweeping operations against external benchmarks to determine if operations and staffing levels are efficient.

R4.3 Recommendation - Street Cleaning**Interviewee: Tom Chufar**

The City has a Street Cleaning plan but it is not written. The City cleans all the main streets once a month. The residents respond very favorably sending their thanks cleaning the streets and keeping them clean.

Keeping the streets clean also helps the City with their required NPDES compliance. If the debris gets taken off the street, it does not go down to the drainage pipes.

The City has contacted vendors for pricing and they found that the City can clean streets much cheaper than a vendor would be able to provide it for.

The City is considering putting into construction contracts that the streets must be cleaned by the contractors if debris is left behind rather than the City cleaning up after a construction job.

Keeping the streets swept also helps avoid storm sewer back up. If a storm is coming the problem areas get cleaned to avoid back-ups which may cause flooding and damage to property.

R4.4

The City should create a vehicle and equipment replacement plan for its service departments. A replacement cycle should be established and the funding for the replacements should be incorporated into the City's forecast and annual budgets. The City should continually review the physical condition of its vehicles and equipment and develop a logical repair versus replacement plan for vehicles and equipment to help guide cost-effective decision-making.

As referred to in R2.2, internal and external needs are being identified so they have a standard maintenance schedule. Both every-day and capital projects are being considered

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R4.5

The Streets operation should reduce its salt usage to levels comparable to the peers' and create a formal plan regarding salt usage (see R4.6). The City should adopt the Salt Institute's recommended practices for snow and ice control to help it reduce salt usage. In conjunction with reducing its salt usage, the Department should evaluate its salt purchasing process to ensure the City is paying the best available price.

R4.6

The Streets operation should document its snow and ice control practices in a formal snow and ice control plan. This plan should detail the level of service provided, prioritize streets to be cleared with specific timelines, and assign staff accordingly for snow and ice control events. In addition, the City should assign only one staff person to each truck used for snow and ice control events during a shift.

R4.5 - R4.6 Recommendation - Salt Usage Plan

The City has overhauled the way it deals with snow and ice removal. The updates, changes and concerns are listed below.

Interviewee: Tom Chufar

Salt price increases in the past caused the City to look at the routes and how to plough the streets in a more efficient manner and the amount of salt to put down. As a result of the plan updates the City did a great job clearing streets with half the salt and now prices are going down.

The plan has been also implemented and there is a book of routes and a formal plan.

Interviewee: Rich Rhodes

There used to be two people in the truck to help with safety and the edge of yards. Now they have single drivers in all trucks. There were a lot more top soiling jobs in the road right of way but they saved enough on overtime to save money even with having to replace the yards.

The citizens were used to the streets "running wet" to ensure they were kept non-slick. They added grit and only salted the main arteries.

There was a decrease in salt usage and overtime, however they did have an increase in accidents. They will try to cross reference with the PD to measure where the accidents were and focus on these areas more. The winter last year was also very icy so the number was probably up due to the conditions.

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Salting – Tom, and Rich check streets for slippery sites. The department heads go out and hit the bad spots only rather than calling in an hourly person who got overtime. They may call a part-time person in to plow, as needed, to reduce costs.

There is a book for plow routes that shows how to clear the roads in the most efficient way. This was started in the fall of 2008. They have a large dump truck and a 4 wheeler and they have assigned routes and all the routes are all right turns to move faster. The plowing chart used shows driver, vehicle and route within a zone. The routes are quicker and consistent.

It used to take 8 hours and 4 passes to clear the City. Now they are plowing to get roads open and passable in just 5 hours. The only problem was catch basins that would stay blocked so they went back. The salt route uses 6 trucks and can salt in 4 hours. When they plow, there are 20 trucks out. They use a mix of full time salary and hourly to plow when there are plows and big snows.

Typically they do not salt while they are plowing. Instead of continuously spreading salt, they would turn on the spreader close to the intersection and the cars dragged the salt across the intersection.

It was noted during the discussion that there is a need for a new salt bin for storage due to structural issues.

The City bids out the salt using a spec. 2008-2009 they had 3 bids and 2 did not quote. This year the City worked with the State co-cop through ODOT and put in a bid for 5,000 ton. If they have a good winter, they will not have anywhere to put 3,000 ton of salt.

Calibration of the amount of salt. The City trucks have a lever to control the amount of salt that comes out from the orifice and how fast the salt spins to control the distance the salt spreads.

The City looked into beet juice, brine, to pre-wet salt but it was too high of a cost to premix, store and equip trucks.

They have also tried salt that was pretreated to see how much longer the street will stay wet before snow accumulated but they did not see a need to change.

The trucks are part of the over all equipment replacement program. When it is not snowing, the department spends time fixing the trucks. The City is able to keep a truck with a lot of miles on it rather than replacing it, due to the great care provided to the vehicles.

There is a need to renovate storm sewer and water lines. They have had an aggressive replacement program in their enterprise fund to replace water lines and they paved over water mains that needed to be replaced. Their water main breaks have been reduced but they still need open dumps if there is a water main break.

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They are also using a relining method to update bad storm sewer pipe rather digging up and replacing the entire pipe.

R4.5 and 4.6 were also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R4.7

The Streets operation should implement an automated work order system in order to track labor and repair costs. This would facilitate operational planning, task management, and personnel management. By using a work order system, the City and service department would be better able to track work and staffing levels as well as performance measurements, such as the amount of time it takes to complete projects. Using this information, the City will be able to appropriately plan and monitor the departments' staffing levels and future operations.

R4.7 Recommendation - Work Order System**Interviewee: Tom Chufar**

They have implemented a tracking of 95% of work through a work order system.

Interviewee: Rich Rhodes

If a phone call came in from a resident, there were notes passed but as of March 2, 2008, the city now has a computer generated work order which is assigned a number, printed out and given to the workers. When completed, the work order is entered into the computer and they are searchable in the computer. Input is done by choosing the department and the item it needs in a drop down menu. There is also a space for address. Work orders are then measurable. They use Agileware Solutions - Work Order Manager. They are also looking at a program that will implement citizens' complaints in to the system for tracking as well.

The City is also looking at putting the streets in a program to estimate when the streets need to be replaced as a tool to focus in on the roads that are in the worst shape. The programs will show where the complaints are concentrated to help with priority.

R4.7 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

R4.8

The City should evaluate the benefits of outsourcing its services. The City should use the steps recommended in the city administration and management section of this report for outsourcing and contract management. By outsourcing services

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where possible, the City can ensure that it is administering its services in the most operationally and cost efficient manner.

R4.8 Recommendation - Outsourcing Services (see R2.8 for other notes)**Interviewee: Tom Chufar**

Grass cutting. The City did contract out the cutting of the grass for one park - Bitzer Park. The City has 80 plus acres they cut and based on estimates obtained, the City would not save money contracting out all the outside maintenance and nuisance grass cutting they do. The City would not get the same service if grass were just cut. The City also does mulching, flower beds, trimming, etc. This year, the City has reduced staffing from five in the park department to one in the park department and a supervisor whose time is also spent the water department. They hired seven part-timers and have drastically reduced the cost to the City for maintenance. The part-timers (seasonal contract help with no benefits) help with external and internal maintenance. The City has significantly reduced costs for these city services using part-timers. They have eliminated most of the full time staff in the park department. The costs of Brian and the nine part-timers is less than the cost of maintenance contracts.

Interviewee: Ron Kindler

Auto Maintenance. The City hired a retired employee to work as a part-time mechanic.

Culvert Replacement They saved time in using pre-cast system vs. brick. Precast lasts 30 years vs. 4 years for brick. The cost is much less.

The road department is down four men since the Performance Audit.

Street Sweeping. See R4.3

Programming. Done by Tom Chufar.

Pool. It is open 3 months a year. The department is looking at expanding the use of the pool house concessions for other football games and programs to sell concessions for to help cover the costs of the pool. They are looking to expanding the window to an outside window. The pool also needs to be updated to be ADA compliant.

Many pool improvements have been done and they hope over a five to ten year time they will make money on this program.

Sports Leagues and Other Citizen Programming. The City charges a fee for participation and gets reimbursed through usage fees. Some groups are managed by Tom Chufar and some are run the leagues themselves. The programming is working out and is not taking up too much man power.

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Catch basins and street sweeping outsourcing. The City may be looking into outsourcing some of their plowing in the outlying areas of the City, due to man power shortages. The use of outsourced companies would be a cost reduction because the contractor is only paid when they plow versus a full time employee who is paid year round.

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R4.9

The City should formulate a business plan to promote the Civic Center to help it become a self-supporting entity. The business plan should include business and community feedback regarding the Center, including changes needed to make the facility more attractive for surrounding businesses or organizations, methods to advertise the Center's availability and potential uses, and a timeline for the Civic Center to become financially self-sufficient. If the Civic Center fails to become self-sufficient, the City should take steps to sell or donate the facility.

R4.9 Recommendation - Civic Center Operations**Interviewee: Tom Chufar**

The City is working towards operating the Civic Center as a business to break even. They have made improvements and added wireless internet to attract more groups who could use the facility.

The City increased rates and the facility is still affordable to rent. It is projected that they will operate at break-even next year. The City is looking to increase events during-the-week and have an advertising plan for next year to increase usage.

The City is able to hold Senior events at the facility for free.

R4.9 was also addressed in the City's response letter addressed to the Auditor of state dated December 9, 2008.

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Other considerations, suggestions and improvements made by the City since the Performance Audit:

- Staffing levels have reduced since the performance audit.
- Approximately \$250,000 to \$300,000 of savings has been realized in the General fund.
- Saved Workers' Compensation fees by joining the Ohio Municipal League group
- First communications long distance may not be the savings they were originally projecting.
- In order to make up \$1 million in tax revenue there needs to be 1,670 jobs created. There are estimated to be 500 jobs coming in to the former Hoover plant.
- To increase cash flow. They scan the checks with a check imager and it goes into the bank electronically and had resulted in deposits getting into the bank in less time to improve cash flow. They will only deposit NSF checks.