



Dave Yost • Auditor of State



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To the residents, elected officials, management, and stakeholders of the City of Massillon,

At the request of the Mayor and City Council, the Auditor of State's Ohio Performance Team conducted a performance audit of the City's Police and Parks and Recreation Departments to provide an independent assessment of their operations. 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 efficiency and effectiveness in these two areas. 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". The signature is fluid and cursive, with the first and last names clearly legible.

Dave Yost
Auditor of State

April 1, 2014

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Table of Contents

Executive Summary	1
Purpose and Scope of the Audit.....	1
Performance Audit Overview	1
Audit Methodology.....	1
Summary of Recommendations	3
Background	4
Recommendations.....	7
A. Police Department.....	7
R.1 Control overtime expenditures	7
R.2 Eliminate the minimum manning provision.....	9
R.3 Link staffing levels to work-load indicators	10
R.4 Renegotiate provisions within the collective bargaining agreement.....	12
R.5 Implement a vehicle replacement policy.....	13
B. Parks and Recreation.....	14
R.6 Improve financial reporting.....	14
R.7 Develop a strategic master plan for the parks and recreation function	15
R.8 Develop operating standards to improve budgeting accuracy	16
R.9 Develop a resource tax allocation plan according to community needs	16
R.10 Right-size maintained park acreage	19
R.11 Investigate more efficient delivery of senior citizen services	22
R.12 Outsource golf course management	22
R.13 Review Massillon Recreation Center (MRC) rates.....	25
Appendix A: Scope and Objectives	27
Appendix B: Supplemental Information.....	28
Client Response	34

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Executive Summary

Purpose and Scope of the Audit

The City of Massillon (Massillon or the City) requested the Auditor of State's (AOS) Ohio Performance Team (OPT) conduct a performance audit in order to provide an objective assessment of the economy, efficiency, and effectiveness of the City's Police and Parks and Recreation Departments.

The following scope areas were selected for detailed review and analysis in consultation with the City, including: staffing, salaries, land and facilities utilization, and rate structures. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

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

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

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including: peer comparison, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with the City, three sets of peer groups were selected for comparisons contained in this report. A primary set of peers were selected that were used for Police Department comparisons and for Parks and Recreation Department operations where reasonable and

appropriate. In addition, peer groups were selected for a comparison of Massillon Recreation Center operations and for a comparison of the Legends Golf Course operations to ensure a fair comparison was made to other cities that own and operate similar assets. The following table contains the Ohio municipalities included in these peer groups.

Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Bowling Green (Wood County) • Fairborn (Greene County) • Mason (Warren County) • North Olmsted (Cuyahoga County) • North Royalton (Cuyahoga County) • Westlake (Cuyahoga County)
Recreation Center Peers
<ul style="list-style-type: none"> • Brunswick (Medina County) • Bowling Green (Wood County) • Mason (Warren County) • Medina (Medina County) • North Olmsted (Cuyahoga County) • Westlake (Cuyahoga County)
Golf Course Peers
<ul style="list-style-type: none"> • Gahanna (Franklin County) • North Olmsted (Cuyahoga County) • Westlake (Cuyahoga County) • Stow (Summit County)

In addition to the peer cities listed above, additional data was selected from the cities of Canal Fulton, Canton, and North Canton (all located in Stark County) to ensure regional economic factors were included when analyzing salaries and wages.

In some operational areas, industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: American Public Works Association (APWA), Government Finance Officers Association (GFOA), International City/County Management Association (ICMA), Ohio Incident-Based Reporting System (OIBRS), Mahoning County (Ohio) MetroParks, National Recreation and Park Association (NRPA), and San Diego County (California).

The performance audit involved information sharing with the City, including drafts of findings and recommendations related to the identified audit areas. Status meetings conducted 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 various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the City of Massillon for their cooperation and assistance throughout this audit.

Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

Summary of Recommendations

Recommendations	Savings
R.1 Control overtime expenditures	\$150,400
R.2 Eliminate the minimum manning provision	\$244,800
R.3 Link staffing levels to work-load indicators	N/A
R.4 Renegotiate provisions within the collective bargaining agreement	\$56,600
R.5 Implement a vehicle replacement policy	N/A
R.6 Improve financial reporting	N/A
R.7 Develop a strategic master plan for the parks and recreation function	N/A
R.8 Develop operating standards to improve budgeting accuracy	N/A
R.9 Develop a resource tax allocation plan according to community needs	N/A
R.10 Right-size maintained park acreage	\$40,900
R.11 Investigate more efficient delivery of senior citizen services	N/A
R.12 Outsource golf course management	\$286,300 ¹
R.13 Review Massillon Recreation Center (MRC) rates	N/A
Cost Savings Adjustments ²	(\$150,400)
Total Recurring Annual Cost Savings/Revenue Enhancements	\$628,600

¹ Net of management fees.

² Because savings identified in **R.1** and **R.2** are mutually exclusive, \$150,400 of savings identified in **R.1** are not included in the total.

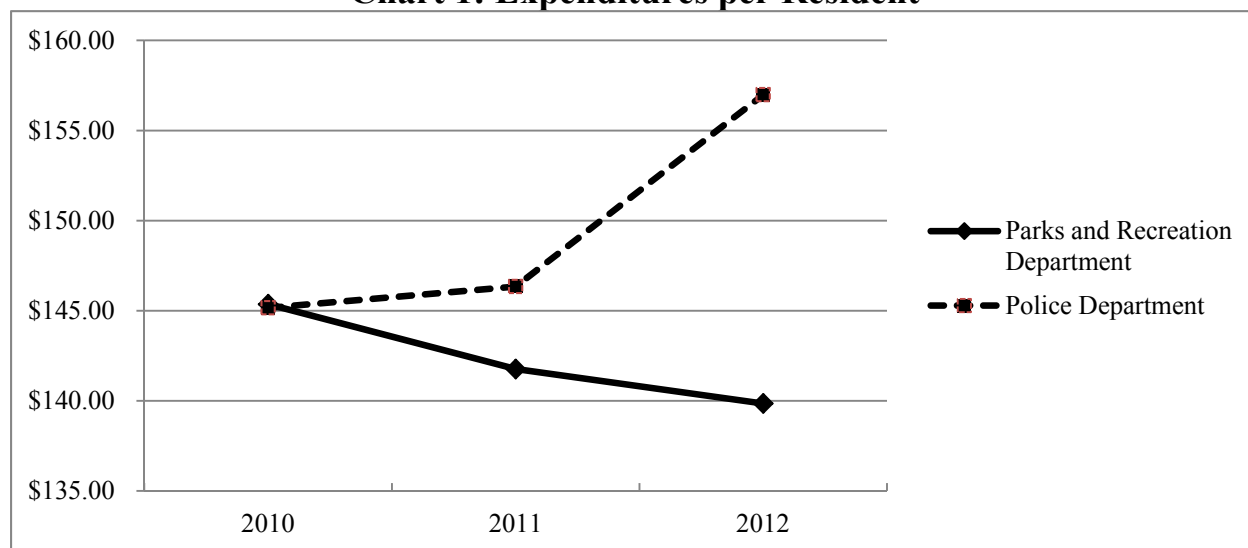
Background

Financial Condition

During the course of the audit, Massillon requested a separate AOS review to determine if the financial condition of the City justified the declaration of a fiscal emergency. On October 8, 2013, AOS completed this review and determined that a fiscal emergency condition exists due to the adjusted aggregate sum of all deficit funds (as of December 31, 2012 and May 31, 2013), exceeding one-sixth of the General Fund budget and the receipts of those deficit funds.¹

Although the General Fund did not account for any portion of the aggregated deficit fund balance calculated in the fiscal emergency determination, the Parks and Recreation and Police Departments have the potential to significantly impact the financial condition of this fund, which could further hamper the financial condition of the City. Although the Parks and Recreation Fund did not receive a supplemental transfer from the General Fund in 2012, a slight shift in future revenues or increase in expenditures could result in a transfer from the General Fund. In addition, expenditures for the Police Department represented more than a quarter of total General Fund expenditures in 2012. **Chart 1** displays the historical cost per resident for the Police and Parks and Recreation Departments and shows an increasing trend in Police Department expenditures.

Chart 1: Expenditures per Resident



Source: Massillon

As shown in **Chart 1**, after incurring similar costs per resident in 2010, the City has devoted an increasingly greater allocation of resources towards its police function in comparison to parks and recreation. Specifically, Police Department expenditures per resident increased

¹ Fiscal emergency conditions are defined in ORC § 118.03.

approximately 8 percent while Parks and Recreation Department decreased almost 4 percent in the three year time period shown. For a detailed breakdown of historical expenditures see **Appendix B: Supplemental Information**.

Key Performance Indicators

One method of evaluating the success of an organization is the development and tracking of key performance indicators (KPIs) of selected areas based on the particular activities for which they are engaged. **Tables 1 and 2** present some potential KPIs of the Police and Parks and Recreation Department in 2012 in comparison to the peer average. Although these KPIs were developed by AOS during the performance audit, the City is encouraged to adopt these indicators or develop an alternative set to track and evaluate service performance.

Table 1 displays a comparison of Police Department KPIs for Massillon and the peer average.

Table 1: Police Department KPIs

	Massillon	Peer Average	Difference	% Difference
Total FTEs	40.0	45.0	(5.0)	(11.1%)
Sworn Officer FTEs	38.0	41.2	(3.2)	(7.8%)
Expenditures	\$5,046,927	\$5,912,231	(\$865,304)	(14.6%)
Population	32,149	31,497	652	2.1%
Calls for Service	22,240	32,722	(10,482)	(32.0%)
Property Crime Incidents	1,097.0	752.7	344.3	45.7%
Type I Violent Crime Incidents	66.0	43.0	23.0	53.5%
Expenditures per Resident	\$156.99	\$187.71	(\$30.72)	(16.4%)
Officers per 1,000 Residents	1.2	1.3	(0.1)	(10.2%)
Calls for Service per Officer	585.3	794.22	(208.9)	(26.3%)
Property Crime per 1,000 Residents	34.1	23.9	10.2	42.7%
Violent Crime per 1,000 Residents	2.1	1.4	1.0	50.0%

Source: Massillon and the peer cities of Bowling Green, Fairborn, Mason, North Olmsted, North Royalton, and Westlake

As shown in **Table 1**, Massillon's cost for police service was significantly lower than the peer average. However, activity levels were also lower as indicated by having 26.3 percent fewer calls for service per officer. The City appears to have adequate coverage based on the officers per 1,000 residents ratio, which was in line with the peer average. Massillon's police function, however, was less effective at deterring crime as witnessed by the occurrence of 42.7 percent more property crime incidents and 50.0 percent more violent crime incidents per 1,000 residents than the peer average (see **R.3**).

Table 2 contains a comparison of Parks and Recreation Department KPIs for Massillon, the peer cities, and national benchmark data.

Table 2: Parks and Recreation Department KPIs

	Massillon	Peer Average	Difference	% Difference
Expenditures	\$3,164,088	\$3,798,605	(\$634,517)	(16.7%)
Population	32,149	31,708	441	1.4%
Number of Parks	30.0	9.2	20.8	226.1%
Acres Maintained	410	186	224	120.4%
Parks FTEs	6.3	6.6	(0.3)	(4.5%)
Expenditures per Resident	\$98.42	\$119.80	(\$21.38)	(17.8%)
Acres per FTE	65.1	28.2	(36.9)	130.9%
Cost Recovery	38.6%	34.9%¹	3.7%	N/A

Source: Massillon and the peer cities of Bowling Green, Fairborn, Mason, North Olmsted, and Westlake

¹ Peer cost recovery data was not used as not all peer cities provided the same primary offerings as Massillon. National Recreation and Park Association (NRPA) survey data published in *2013 Parks and Recreation National Data Base Report* was substituted for peer data to ensure a more accurate comparison.

As shown in **Table 2**, Massillon spent 17.8 percent less per resident than the peer average for parks and recreation services while providing a greater number of parks and more maintained acres for park users. In addition to having a lower expenditure level than the peers, Massillon had a cost recovery level that was 3.7 percentage points higher than the NRPA national median.

Recommendations

A. Police Department

The collective bargaining agreement between the City and the Massillon Fraternal Order of Police Henderson Lodge Police Officers Association² was reviewed and compared to peer contracts and/or State minimum requirements. This review identified that the minimum manning requirement combined with the compensatory (comp) time accrual provision and lack of contract language providing greater control of sick leave has created an environment of significant overtime accrual and resulting costs. Although **R.1**, **R.2**, and **R.4** appear as separate findings and recommendations, the City should be mindful that issues identified in these recommendations have worked in concert to elevate overtime costs to substantial levels.

R.1 Control overtime expenditures

In order to curb the accrual and payout of overtime, the City should negotiate the following contractual provisions:

- **Increase control of sick leave;**
- **Hire part-time, on-call swing shift officers;**
- **Implement a 28-day work period for calculating overtime; and**
- **Eliminate the minimum manning provision (see R.2).**

Overtime expenditures are commonly benchmarked as a percentage of total salaries and wages expenditures. **Table 3** shows this calculation for Massillon in total and on a per FTE basis.

Table 3: 2012 Overtime Usage and Expenditures

	Total	Per FTE
Overtime Hours Worked	12,697	317
Overtime Worked and Accrued Comp Time Paid	\$414,566	\$10,364
Total Departmental Salary Expenditure	\$2,533,288	\$63,332
Overtime as a Percent of Salaries	16.4%	16.4%

Source: Massillon

As shown in **Table 3**, the average sworn officer FTE worked 317³ hours of overtime in 2012. This level, which represented 16.4 percent of total compensation, cost the City over \$414,000. The International City/County Management Association (ICMA) published annual police department expenditure data in the *ICMA 2012 Police and Fire Personnel and Expenditures Survey Summary*. Using the percentage of total benchmark, ICMA survey data showed average overtime as a percentage of total compensation was 6.7 percent for the responding police departments, significantly lower than the level of overtime worked at Massillon.

² The bargaining agreement is in effect from July 1, 2012 through June 30, 2015.

³ Represents straight overtime hours worked.

Two factors have combined to drive up overtime and comp time costs: a high level of sick leave coupled with the minimum manning provision contained in the collective bargaining agreement. In 2012, 81 percent of overtime/comp time usage was attributed to shift shortages, a majority of which can be tied to sick leave taken.

Increase Control of Sick Leave

Table 4 shows Massillon's 2012 sick leave usage in comparison to the Fraternal Order of Police (FOP) 10-year average as published by the Ohio Department of Administrative Services (DAS).

Table 4: 2012 Sick Leave Comparison

	Massillon	FOP 10-Year Average	Difference	% Difference
Sick Leave Hours Used per FTE	133	36	97	269.4%
Sick Leave Expenditure per FTE	\$3,565	\$842	\$2,723	323.4%

Source: Massillon and DAS

As shown in **Table 4**, the average sworn officer FTE at Massillon used significantly more hours of sick leave than the State average for employees covered under FOP agreements and had corresponding sick leave expenditures that were 323.4 percent higher.⁴ This high level of sick leave usage can be attributed to the City's lack of formal oversight. The current bargaining agreement does not include a provision requiring written verification for sick leave usage. Though the Police Department does have a formal sick leave policy, the level of actual sick leave use is indicative that the policy is neither strictly adhered to nor strictly enforced. It is the City's responsibility to enforce the existing policy in order to identify conditions which are indicative of possible misuse or abuse and control them.

Hire Part-Time, On-call Swing Shift Officers

The City could also reduce the level of overtime and comp time paid by hiring part-time, on-call swing shift officers. Essentially, the City could use the swing shift officers to cover labor shortages for instances that would otherwise cause overtime, such as sick and vacation leave usage. Doing so would allow Massillon to fulfill a large portion of its manpower coverage needs while avoiding premium pay expenditures.

Implement a 28-day Work Period for Calculating Overtime

The final strategy for reducing overtime expenditures is the implementation of an alternative work period pursuant to Section 7(k) of the Fair Labor Standards Act that allows for municipalities to establish alternative work periods for police officers. Specifically, a work period may be up to 28 consecutive days in length with police officers due overtime compensation only after working 171 hours.

⁴One individual incurred sick leave for an extended absence which resulted in 1,049 sick leave hours taken in 2012 and into 2013. When deducting those hours from the 2012 total and that individual's FTE value, the average sworn officer FTE used 109.6 hours per FTE, a level that still exceeds the 10-year averages for both sick leave hours used per FTE and sick leave expenditures per FTE by 109 percent and 247 percent, respectively.

Implementation of the above three measures would result in varying individual financial savings, however, the greatest estimated impact to the City would result from an increase in control of sick leave. Based on Massillon's 2012 data, bringing sick leave usage in line with the FOP State average of 36 hours per FTE would result in a total reduction of 3,686 hours. Assuming that officers called in to cover these leave hours are paid at an average overtime rate of \$40.83 per hour, the City could save approximately \$150,400. Additional incremental savings could be achieved through the hiring of part-time officers and implementing a 28-day work period, however, quantifying these savings is not possible.

Financial Implication: The City could save approximately **\$150,400** through a reduction in overtime expenditures by bringing sick leave to a level comparable to the FOP State average.

R.2 Eliminate the minimum manning provision

Massillon sets police staffing levels pursuant to the bargaining agreement which requires shifts to be staffed with one supervisor in charge and a minimum of either six or seven patrol officers (depending on day and time of shift) at all times. This staffing method differs from the peer cities, none of which had contractually required minimum manning levels. As a result of this requirement Massillon determined a staffing need of 38.0 FTE sworn officers.

As described in *Staffing the "Small" Department: Taking Stock of Existing Benchmarks and Promising Approaches* (The Police Chief, April 2013), there are no objective standards for establishing one, but having a minimum staffing level is a fairly common practice in police departments. Agencies may consider population, call load, crime rate, and other variables when establishing a minimum staffing level. Yet many agencies may determine the minimum necessary staff level by perceived need without any factual basis in workload, presence of officers, response time, immediate availability, distance to travel, shift schedule, or other performance criteria. As a result, basing staffing on minimum manning levels can have the following drawbacks:

- Minimum staffing levels are sometimes set so high that it results in increasing demands for police overtime;
- Increasing the minimum staffing level will not, by itself, improve agency performance or necessarily increase officer safety. In fact, officers hired back to work extra shifts are likely to be fatigued, increasing the risk of injury to themselves or others;
- Minimum staffing can also decrease the extent to which an agency can be nimble and flexibly deploy officers based on changing workload demands; and
- Minimum staffing levels may become, by default, the perceived optimal staffing level. In these situations, agencies often use the minimum level as a method to decide, for example, whether an officer can take a benefit day off. Others build work schedules so as to ensure that the minimum level is on duty. In these situations, staffing decisions are based on meeting the minimum level rather than optimizing the available resources to meet workload demand.

Massillon's minimum manning requirement has been established based on perceived need rather than through performance based indicators (see **R.4**), which has resulted in the low workload

volume displayed in **Table 1**. In effect, the minimum manning provision has created an environment of significant overtime and comp time accrual (see **R.1**) due to shift shortages. Specifically, Massillon's 2012 overtime expenditures as a percentage of salaries of 16.4 percent far exceeded the *ICMA 2012 Police and Fire Personnel and Expenditures Survey Summary*⁵ level of 6.7 percent. Eliminating this provision would eliminate a significant portion of the City's required overtime.

Financial Implication: The City could save approximately **\$244,800** by reducing overtime to the ICMA survey benchmark of 6.7 percent of total compensation (\$2,533,288) based on 2012 data.

R.3 Link staffing levels to work-load indicators

Table 5 displays the Police Department demand analysis in comparison to the peer average.

Table 5: Police Staffing – Demand Analysis

	Massillon	Peer Average	Difference	% Difference
Sworn Officer FTEs	38.0	41.2	(3.2)	(7.8%)
Total FTEs	40.0	45.0	(5.0)	(11.1%)
Calls for Service (2012)	22,240	32,722	(10,482)	(32.0%)
Calls for Service per Sworn Officer FTE	585.3	794.2	(208.9)	(26.3%)
Calls for Service per Total FTE	556.0	727.2	(171.2)	(23.5%)
Arrests (2012)	1,029	3,447	(2,418)	(70.1%)
Arrests per Sworn Officer FTE	27.1	83.7	(56.6)	(67.6%)
Arrests per Total FTE	25.7	76.6	(50.9)	(66.4%)
Traffic Citations (2012)	1,981	5,108	(3,127)	(61.2%)
Citations per Sworn Officer FTE	52.1	124.0	(71.9)	(58.0%)
Citations per Total FTE	49.5	113.5	(64.0)	(56.4%)

Source: City of Massillon and the peer cities of Bowling Green, North Royalton, Mason, Fairborn, North Olmsted, and Westlake

As displayed in **Table 5**, Massillon's 2012 workload ratios were significantly lower than the peer average for all three indicators; calls for service, arrests, and citations issued. Of the three indicators presented, calls for service is the truest indicator of service demand, for which, Massillon received 26.3 percent less calls for service per sworn officer than the peer average. Basing staffing purely on this workload indicator, Massillon would need an estimated staffing level of 28 sworn officer FTEs, 10 FTEs lower than present staffing.

Although using calls for service constitutes a true indicator of demand, there is no set standard for defining or recording what constitutes a call for police service in Ohio. What constitutes a call for service in one agency could vary from what is considered a call in another agency. Therefore, using calls for service per officer as a singular basis for staffing may result in

⁵The ICMA Police and Fire Personnel and Expenditures Survey Summary is a survey of 3,301 city-type local governments with a population of 10,000. In 2012, the survey had a response rate of 35%.

ineffective staffing levels. Because of this, arrest and traffic citation data was included along with calls for service, which further reinforced Massillon's relative lack of demand for service. Specifically, the City had far fewer arrests per sworn officer (67.2 percent fewer) and traffic citations per sworn officer (58.7 percent fewer) than the peer average indicating excessive staffing and/or low productivity.

Using data presented in **Table 5** alone, it may be inferred that Massillon's police staffing levels have decreased the level of crime incidents reported in the City and subsequently reduced the number of arrests and citations issued. This was not the case, however, when applying crime data reported to the Federal Bureau of Investigation (FBI). Based on FBI data, Massillon reported approximately 43 percent more property crime incidents and 50 percent more violent crime incidents per 1,000 residents than the peer average in 2012 (see **Table 1**). It can be reasonably assumed that there is a positive correlation between reported crime levels, demand for service, number of arrests, and number of citations issued: with high crime levels there would be an expected high number of calls for service, and with effective policing, a high number of arrests and citations. However, this was not evident in Massillon which experienced a high level of crime relative to the peers with a lower level of resulting workload measures, signifying possible productivity issues as opposed to incorrect staffing levels.

According to *A Performance-Based Approach to Police Staffing and Allocation* (Wilson and Weiss, August 2012), there are four commonly used approaches to staffing by police agencies:

- **Per Capita** - Using population to determine an estimate of police officers needed and comparing this rate to that of other regional jurisdictions or to peer agencies of similar size;
- **Minimum Manning** - Estimating the sufficient number of officers that must be deployed at all times (the method used by Massillon);
- **Authorized Level** - Basing staffing on available resources and budget allocation levels; and
- **Workload Based** - Basing staffing on actual police workload.

Of the four methods, Wilson and Weiss suggest that allocation models based on actual workload and performance objectives are preferable to other methods that might not account for environmental and agency-specific variables. As it shifts staffing models, the City could benefit from using an authorized level as its basis for staffing and implement the use of key performance indicators and workload as opposed to its minimum manning approach. This would enable the City to establish goals, allocate staffing to meet these goals and have the ability to swiftly change authorized staffing levels as goal progress is tracked.

For example, the City could establish goals relating to crime rates, arrest rates or response times and establish the allocation of time that officers should spend on reactive shift duties (responding to calls) and proactive shift duties (patrolling). Doing so would allow administrators to set staffing levels based on desired outputs and have a set process in place to track the success of achieving these outputs.

R.4 Renegotiate provisions within the collective bargaining agreement

A review of the City's collective bargaining agreement identified several minor bargaining agreement provisions that deviated from peer city contracts. Massillon should review the following provisions and negotiate to a lower level as identified:

- **Educational Allowance** – Bargaining unit members are provided an annual stipend of \$900 for earning an associate's degree and \$1,800 for earning a bachelor's degree. In comparison to the peers, only two of the six contracts contain a direct monetary allowance for associate's and bachelor's degrees. Eliminating the education allowance would save Massillon approximately \$51,200 annually.
- **Shift Differential** – An additional \$0.50 per hour is provided for officers working 2nd and 3rd shift. Four of six peer contracts provided a shift differential with the lowest of these being Westlake which provided \$0.35 per hour. Reducing the shift differential to a level in-line with the peer average (approximately \$0.35) would save Massillon approximately \$5,400 annually.
- **FOP Days**⁶ – Each bargaining unit member that has completed one year of service is provided four FOP days off per year. In comparison, FOP days were not included in any of the peer contracts with the exception of Fairborn which grants a department-wide total of 120 hours. Although direct cost savings could not be estimated, a reduction in FOP hours to a department-wide level similar to Fairborn would result in over 1,060 hours of increased capacity and could have an impact on overtime.
- **Comp Time Accumulation** – Bargaining unit members may accumulate up to 240 comp time hours. In the last week of May and the last week of November accumulated hours in excess of 60 are paid to bargaining unit members at the current hourly rate. In comparison, the peer average for maximum accumulation is 137 hours and a maximum annual carry-over of 83 hours with no stated dates of payout. Potential savings resulting from a decrease in comp time accumulation could not be quantified as sufficiently detailed data was not available.
- **Holovac**⁷ – Each bargaining unit member receives 13 holovac days annually upon completion of one year of service paid at one and one-half times the employee's current rate of pay. In comparison, the peer average for holiday allowance is 11 paid holidays.
- **Sick Leave Notification** – Massillon's contract contains no stipulation that bargaining unit members are required to present written verification for sick leave usage. In contrast, every peer contract required written sick leave verification (see **R.1**).

Financial implication: Renegotiating provisions in the City's bargaining agreements to a level comparable to the peer contracts would result in savings of approximately **\$56,600** annually as identified above. Additional savings would result from the renegotiation of the remaining provisions identified; however, data was not available to provide an accurate estimate.

⁶ FOP days represent paid days off for bargaining unit members that can only be scheduled by the Chief.

⁷ Holovac days represent paid days off subject to request and approval in lieu of 13 identified holidays.

R.5 Implement a vehicle replacement policy

Massillon does not consult a formal vehicle replacement plan when replacing patrol vehicles. Instead, vehicles are replaced on a yearly basis according to need and available funds. **Table 6** compares Massillon's police vehicle fleet and maintenance costs to the peer average.

Table 6: Police Vehicle Fleet Comparison

	Massillon	Peer Average	Difference	% Difference
Number of Patrol Vehicles	10.0	23.4	(13.4)	(57.3%)
Vehicles per Patrol Officers	0.4	0.8	(0.4)	(50.0%)
Average Age (years)	4.5	5.1	(0.6)	(11.8%)
Median Age (years)	4.0	4.4	(0.4)	(9.1%)
Average Mileage	120,946	64,908	56,038	86.3%
Average Mileage per Vehicle Year	28,626	16,698	11,928	71.4%
Annual Maintenance Expenditure per Vehicle	\$1,528.96	\$1,490.05	\$38.91	2.6%

Source: Massillon and the peer cities of Bowling Green, Fairborn, Mason, North Olmsted, and North Royalton

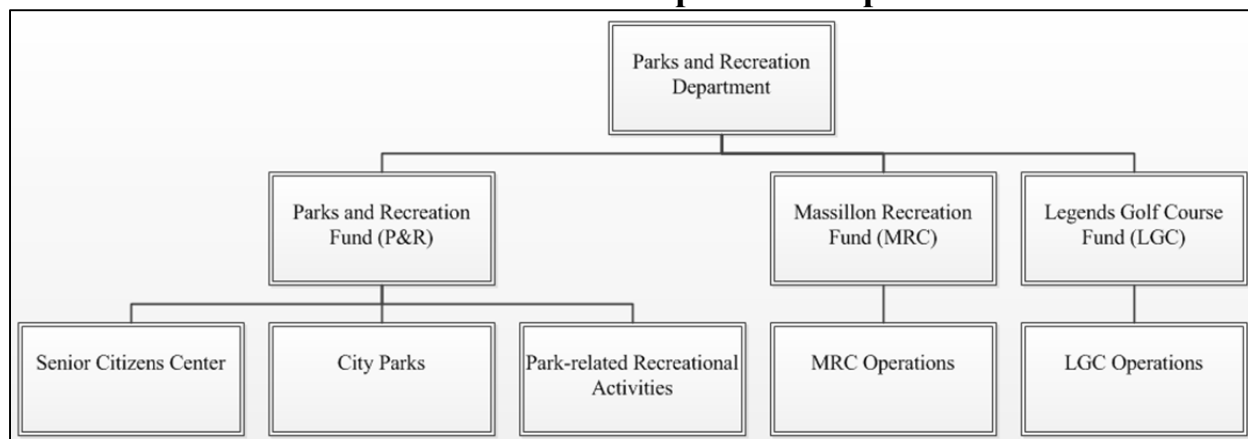
As shown in **Table 6**, Massillon operates with a fleet of significantly fewer vehicles than the peer average. As a result, the City must maximize the use of its fleet, resulting in vehicles with higher average mileage and greater maintenance costs. In addition to the peer average comparison, *Police Fleet Management* (International City/County Management Association (ICMA), 2012) contains national survey data on police fleets, including the number of vehicles, average age, annual mileage driven, and maintenance costs. This survey found that unscheduled maintenance costs tend to increase dramatically for police vehicles that are driven more than 20,000 miles per year. **Table 6** shows Massillon's average annual patrol vehicle mileage exceeded the optimal annual mileage of 20,000 contained in the ICMA survey.

The lack of an effective vehicle replacement plan may result in replacement of patrol vehicles well after their optimum efficiency and usefulness is achieved. Vehicles that need replacement may continue to be operated with extended maintenance costs incurred by the City. Implementing a vehicle replacement policy will assist Massillon in avoiding unnecessary vehicle expenditures. In addition, an effective plan can identify future replacements early enough in the budget and forecasting cycle to allow the City to properly plan and allocate sufficient funding years in advance to eliminate potential strain on other areas of the overall budget.

B. Parks and Recreation

Chart 2 shows an organizational chart of the Parks and Recreation Department (PRD). Vacant positions have been shaded in gray.

Chart 2: Parks and Recreation Department Operational Chart



Source: City of Massillon

As shown in **Chart 2**, the Parks and Recreation Department (PRD) manages its operations using three separate accounting funds. The Parks and Recreation (P&R) fund is used for City Parks, Park-related Recreational Activities and the operation of the Senior Citizens Center. The Massillon Recreation Center (MRC) fund is used solely for the operation of the MRC. And, finally, the Legends Golf Course (LGC) fund is used solely for golf course operations.

R.6 Improve financial reporting

In addition to operating revenue generated from fees, rentals and memberships, the Parks and Recreation Department also receives tax revenue from a dedicated 0.3 percent parks and recreation income tax that was passed in 1995. The City does not report consolidated parks and recreation revenue and expenditures to determine the true results of operations. However, using financial data provided, AOS applied income tax revenues according to allocation amounts outlined by the City and determined the financial results of parks and recreation operations as displayed in **Table 7**.

Table 7: Total Parks and Recreation Department Financial History ¹

	2010	2011	% Change	2012	% Change
Tax Revenues	\$2,505,464	\$2,679,398	6.9%	\$2,393,526	(10.7%)
Operating Revenues	\$1,966,971	\$2,073,837	5.4%	\$2,244,459	8.2%
Total Revenues	\$4,472,435	\$4,753,235	6.3%	\$4,637,985	(2.4%)
Operating Expenditures	\$3,341,780	\$3,208,716	(4.0%)	\$3,164,088	(1.4%)
Results of Operations	\$1,130,655	\$1,544,519	36.6%	\$1,473,897	(4.6%)
Debt Service	\$1,331,463	\$1,348,910	1.3%	\$1,332,024	(1.3%)
Net Results	(\$200,808)	\$195,609	197.4%	\$141,873	(27.5%)

Source: Massillon

¹ Includes the P&R, MRC and LGC accounting funds.

As shown in **Table 7**, when combining total parks and recreation financial data, Massillon had positive operating results in 2011 and 2012 despite significant debt service expenditures. The significant turnaround that occurred in 2011 was due primarily to a 6.8 percent increase in MRC fees coupled with a 28.6 percent decrease in contracted services based on additional financial data provided by the City.

Without comprehensive financial reporting, City administrators, residents, and other stakeholders may not have key information needed to guide them when making strategic operating decisions. According to *Recommended Budget Practices: A Framework For Improved State and Local Government Budgeting* (GFOA, 1999) government functions, programs, and activities should be periodically reviewed to determine whether they are accomplishing intended program goals and making efficient use of resources.

Massillon should prepare annual financial reports that include debt service and income tax allocation so that administrators and other stakeholders can assess the achievement of the financial goals of the parks and recreation function. Mahoning County (Ohio) MetroParks reports a complete financial and cost recovery analysis in its *Comprehensive Parks and Recreation Strategic Master Plan* (Mill Creek Metro Parks, 2013). This financial data, available to all stakeholders provides insight into the performance of the parks system and its components and could be used as a model for Massillon.

R.7 Develop a strategic master plan for the parks and recreation function

Simultaneous to the passage of the 0.3 percent parks and recreation income tax in 1995, Massillon developed a strategic plan outlining the mission and goals and operating objectives of the parks and recreation function. This plan, however, has not been updated since it was first developed.

According to *Recommended Budget Practice on the Establishment of Strategic Plans* (GFOA, 2005), strategic planning is a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission, and achieve consensus on strategies and objectives for achieving that mission. The City's Parks and Recreation Department is operating in a vastly different environment than that which existed in 1995. As a result, strategies which were developed based on the 1995 goals and economic and environmental constraints likely hinder, rather than help, the City's achievement of its mission.

Mahoning County, Ohio is guided by its *Comprehensive Parks and Recreation Strategic Master Plan* (Mill Creek Metro Parks, 2013) that contains a vision and goals that were based on direct input from the community. In developing the plan, Mahoning County solicited input from over four hundred residents by holding leadership interviews, stakeholder focus groups, and community forums. In addition, the County's public input process included a community-wide needs assessment survey of residents. This public input process served as the driving force for development of its strategic plan and the recommendations that are outlined in the plan.

Massillon should develop a strategic plan that is linked to its operating standards and financial budget. In order to effectively develop goals, the City should attempt to determine the values and priorities of residents and allocate resources to those areas deemed most important to stakeholders and residents.

R.8 Develop operating standards to improve budgeting accuracy

The City has not developed operating standards that would guide administrators in taking proactive steps to ensure efficient operations. Effective operating standards estimate annual time in labor hours to maintain each park offering as well as the expected annual maintenance cost. In contrast, Massillon makes decisions reactively based on prior year's operating results with adjustments based on expected changes in services while staffing and service levels are determined based on historical operations.

According to the *State of Colorado Small Community Park and Recreation Planning Standards* (RPI Consulting, 2003), without quantitative definitions of service standards and goals, municipally provided parks and open space systems are typically only abstractly defined and revenue allotments can be arbitrary. Inevitably, unregimented park planning often results in parks and open space service level deficits that are difficult to measure and expensive to recover from. As a result, the Colorado Department of Local Affairs developed operating standards for municipally owned parks.

Without operating standards to guide its parks operations, Massillon runs the risk of over-allocating resources towards park functions and offerings. The City should develop and track standards that would allow it to maintain park offerings according to the desires of the residents as defined during the input phase of the strategic planning process (see **R.7**). Developing and tracking operating standards will help ensure that Massillon allocates resources appropriately.

R.9 Develop a resource tax allocation plan according to community needs

Massillon's dedicated PRD income tax generates approximately \$2.3 million annually and is allocated as follows: 42.5 percent is applied to operations, 56.5 percent to debt service, and 1.0 percent to capital improvements. These percentages were determined by the City with no formal plan outlining the reasoning or goals behind the allocation levels. Allocating 42.5 percent of tax revenues to operations resulted in 62.7 percent of the combined P&R and MRC funds expenditures being covered by income tax revenues compared to 34.1 percent for the LGC fund.⁸

Many municipalities experience low cost recovery levels for their parks and recreation operations and, therefore, require tax revenues or General Fund subsidies to ensure uninterrupted operations. **Table 8** displays the historical cost recovery for Massillon's P&R and MRC funded operations. Similar data for the LGC funded operation (the Legends Golf Course) can be found in **Table 11**.

⁸ Including debt service.

Table 8: Combined P&R¹ and MRC² Fund Financial History

	2010	2011	% Change	2012	% Change
Operating Revenues	\$960,778	\$1,079,859	12.4%	\$1,129,563	4.6%
Operating Expenditures	\$2,301,561	\$2,156,242	(6.3%)	\$2,117,067	(1.8%)
Results of Operations	(\$1,340,783)	(\$1,076,383)	19.7%	(\$987,504)	8.3%
Debt Service	\$803,578	\$824,865	2.6%	\$807,979	(2.0%)
Income Tax Allocation	\$1,919,172	\$2,052,404	6.9%	\$1,833,427	(10.7%)
Net Results	(\$225,189)	\$151,156	167.1%	\$37,944	(74.9%)
Cost Recovery³	30.9%	36.2%	N/A	38.6%	N/A

Source: Massillon

Note: Parks and Recreation includes Senior Citizens Center financial data.

¹ Used for City Parks, Park-related Recreational Activities and the operation of the Senior Citizen's Center.

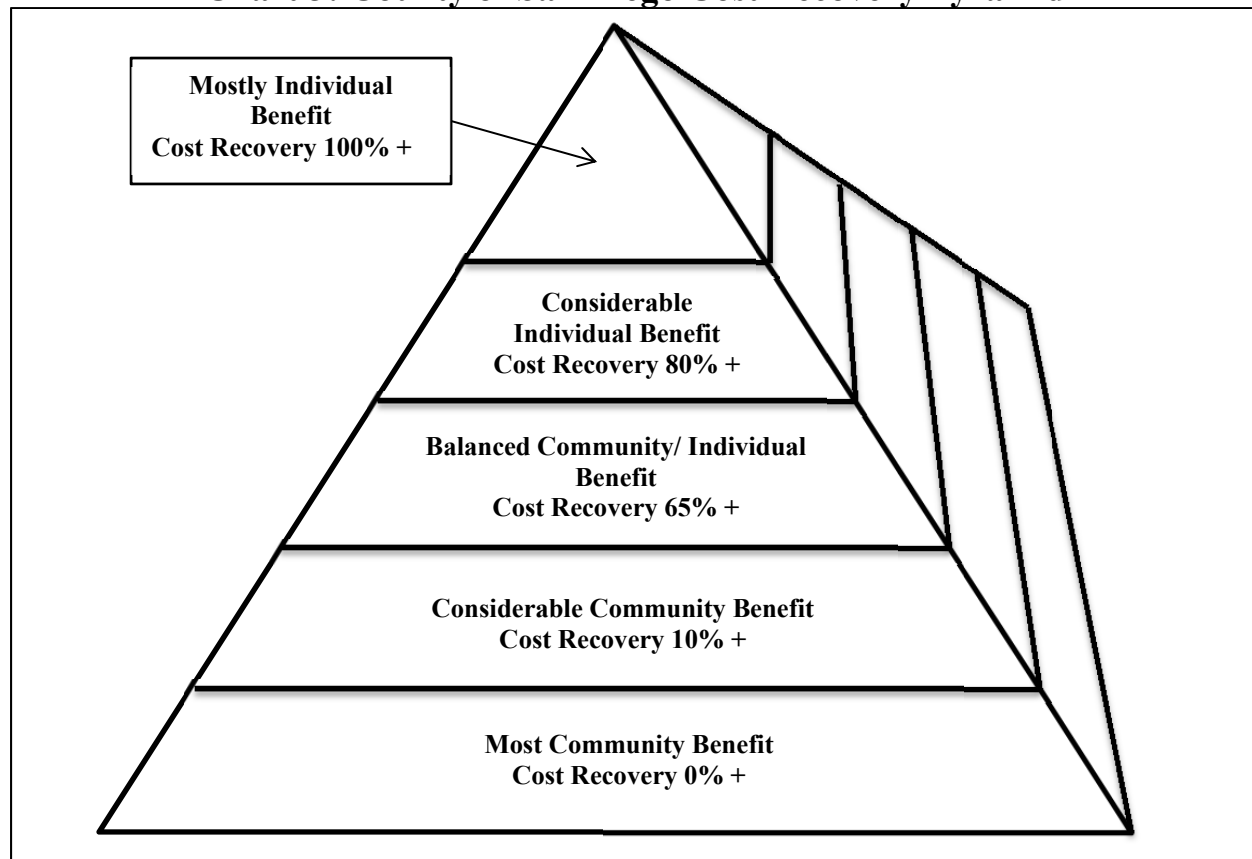
² Used solely for the operation of the MRC.

³ Percentage of operating and debt service expenditures recovered by operating expenditures.

As shown in **Table 8**, steady revenue growth has resulted in increased cost recovery for each of the three years shown; on average, 35.2 percent.

In years of overall Departmental self-sustenance (see 2011 and 2012 of **Table 7**), a formal tax allocation plan would not alter bottom line financial results. However, should a shift in revenues or expenditures occur that result in negative results of operations, it will be important for the City to allocate tax revenues to those areas deemed most important by residents.

In *Cost Recovery, Resource Allocation, and Revenue Enhancement Plan* (County of San Diego, California, October 2011) the County of San Diego, California identifies basic parks and recreation services that are most desired by its residents. In this plan, the County outlined a graphical representation of its Parks and Recreation Department in which the services provided by the Department are classified by cost recovery and subsidy goals commensurate with the benefit received by a service's user and the community as a whole. This recovery program is summarized in **Chart 3**.

Chart 3: County of San Diego Cost Recovery Pyramid

Source: County of San Diego Parks and Recreation and GreenPlay LLC

As shown in **Chart 3**, the County of San Diego organizes its parks and recreation services based on community benefit. Accordingly, services that are most desired by the users (the lowest classification of the pyramid) receive non-operating revenues prior to those lesser desired services. This classification system ensures that in times of scarce resources, the most desired services receive funding first.

Using public input gained during the strategic planning process (see **R.7**), Massillon should develop a tax allocation plan similar to that displayed in **Chart 3** that mirrors the needs of its residents and classifies services according to community desire. By developing and implementing this plan, the City can ensure that funding is maximized towards the most important elements of its parks and recreation function during periods in which a scarcity of resources occurs.

R.10 Right-size maintained park acreage

The City has 30 parks consisting of 552 acres of park space. As shown in **Table 2**, the City had parks and recreation expenditures that were almost 18 percent lower per resident than the peer average in 2012 despite providing a greater number of parks and park acreage. Based on this efficiency, and the fact that the Parks and Recreation Fund did not incur a deficit, the immediate need to reduce parks and/or maintained acreage may not currently exist. However, based on the City's fiscal emergency status, a future drop in tax or operating revenue or spike in operating expenditures could occur that could warrant action.

Table 9 shows a comparison of the total number of parks and park acreage for Massillon and the peer cities.

Table 9: Park Acreage Comparison

	Massillon	Peer Average	Difference	% Difference
Residents	32,149	31,708	441	1.4%
Number of Parks	30.0	9.2	20.8	226.1%
Park Acres	552	338	214	63.3%
Maintained Acres	410	186	224	120.4%
Maintained Acres as Percentage of Total	74.3%	63.0%	11.3%	N/A
Park Acres per 1,000 Residents	17.2	10.7	6.5	60.7%
Maintained Acres per 1,000 Residents	12.8	5.9	6.9	116.9%

Source: Massillon and peer cities of Bowling Green, Fairborn, Mason, North Olmsted, and Westlake

As **Table 9** shows, Massillon maintains 120.4 percent more park acreage than the peer average as a result of having 21 more parks. On a per capita basis, Massillon's variance from the peers is magnified as shown by having 12.8 acres of maintained parks per 1,000 residents, a maintained acreage level 116.9 percent higher than the peers.

A contributing factor to the significant variance in park acreage displayed in **Table 9** are Massillon's park offerings (athletic fields and facilities), which are included in total park acreage. These offerings are shown on a per capita basis and compared to the peer average in **Table 10**.

Table 10: Residents per Offering Comparison

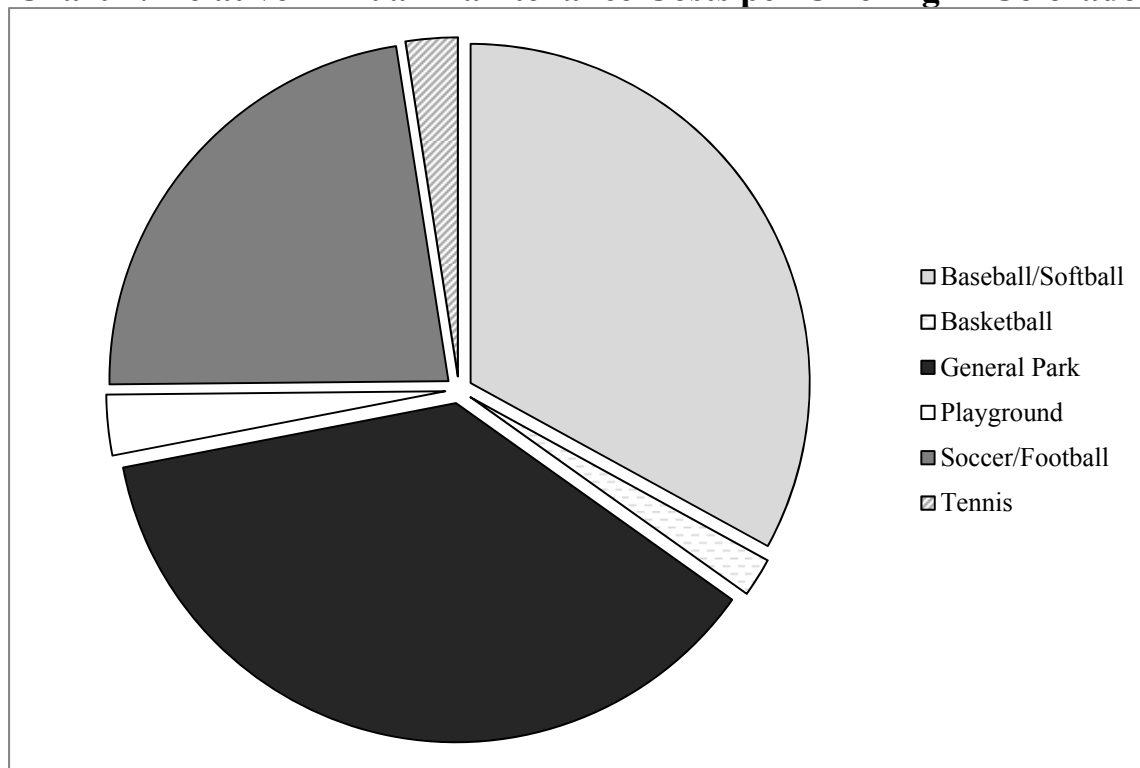
	Massillon	Peer Average	Difference	Percentage Difference		
Population	32,149	31,708	441	1.4%		
	Offerings			Residents per Offering		
	Massillon	Population Adjusted Peer Average	Difference	Massillon	Peer Average	Difference
Baseball/Softball	15.0	11.5	3.5	2,143	2,804	(661)
Soccer/Football	5.0	7.4	(2.4)	6,430	4,343	2,087
Outdoor Tennis Courts	9.0	6.9	2.1	3,572	4,670	(1,098)
Disc Golf	1.0	1.1	(0.1)	32,149	30,028	2,121
Shelters	13.0	8.4	4.6	2,473	3,805	(1,332)
Basketball Courts	11.0	3.1	7.9	2,923	10,437	(7,514)
Playgrounds	14.0	5.7	8.3	2,296	5,665	(3,369)
Inline Hockey	1.0	1.1	(0.1)	32,149	30,028	2,121
Population Adjusted Offerings Above (Below) Peer Average			23.8			

Source: Massillon and peer cities of Bowling Green, Fairborn, Mason, North Olmsted, and Westlake

Note: Not all peers have all the offerings listed.

As shown in **Table 10**, Massillon has almost 24 more offerings (adjusted for population) than the peer average. Specifically, the City has more baseball/softball fields, outdoor tennis courts, shelters, basketball courts, and playgrounds than the peer average.

The *State of Colorado Small Community Park and Recreation Planning Standards* (RPI Consulting, 2003) estimates the annual maintenance cost for the most common park offerings. Although maintenance costs will vary by region, the relative cost between offerings should be similar regardless of location. **Chart 4** shows Colorado's relative annual maintenance costs across park offerings.

Chart 4: Relative Annual Maintenance Costs per Offering in Colorado

Source: State of Colorado Small Community Park and Recreation Planning Standards

As shown in **Chart 4**, general parks and baseball/softball fields incur the highest level of annual maintenance costs relative to other park offerings in Colorado. Should the City attempt to lower overall parks and recreation costs, it should:

- Consider data presented in **Table 9**, which shows Massillon has considerably more parks and park acreage than peer cities;
- Consider data presented in **Table 10** which shows the City has more baseball/softball fields, tennis courts, playgrounds, basketball courts, and shelters than the peer cities (based on population); and
- Determine the City's cost data per offering similar to **Chart 4**.

Taking this data into consideration, should Massillon decide to reduce park offerings it should first examine the feasibility of eliminating some general parks and baseball/softball fields as these are the most costly offerings to operate.

The City should be proactive in its tracking of parks and recreation revenues and expenditures. Should indicators predict deficit spending for the Parks and Recreation Department, Massillon should consider a retraction of offerings and maintained acreage. As governmental entities continue to shrink budgets, reducing parkland has not been uncommon nationwide. According to the *2013 Parks and Recreation National Database Report* (National Recreation and Parks Association, 2013), parkland per 1,000 population declined in the U.S. 24.5 percent from 2010 to 2012 among the 383 agencies included in its database.

Financial Implication: Reducing the City's maintained park acreage to a level comparable to the peer average would save approximately **\$40,900** in labor expenses based on the 2012 average of 26.6 park maintenance labor hours per maintained acre and an average wage of \$7.80 per hour. Additional savings could be generated by selling park acreage.

R.11 Investigate more efficient delivery of senior citizen services

Massillon operates the Senior Citizens Center (the Senior Center) on three floors inside a City-owned facility separate from the Massillon Recreation Center (MRC). The Senior Center provides leisure services, programs, assistance and trips for seniors and the community. The City also offers senior-related programming at the MRC such as the Silver Sneakers Fitness Program which includes exercise classes for seniors. In the wake of Massillon's fiscal emergency declaration, it should investigate more economical, efficient and effective ways of delivering those services.

At Massillon's request, AOS reviewed expenditures related to senior citizen services. It was noted that in 2012, the Senior Center had negative operating results of \$79,000 with a significant portion of the approximate \$84,000 operating budget dedicated to employee salaries.

The City should analyze MRC facility usage and class schedules to coordinate the use of this facility for comprehensive senior citizen programming. The Senior Center, which is almost 13,000 square feet in size, is considerably larger than the NRPA national median of 8,000 square feet. Reducing the space needed to a level closer to the national average may allow Massillon to continue to offer a similar level of services by shifting programming to the MRC. Although savings may not be significant based on the operating budget of the Senior Center, it may allow for improved delivery of essential services at a lower cost to the City.

R.12 Outsource golf course management

The City owns and operates the 27-hole Legends Golf Course. The course originally opened as an 18-hole facility in 1994 with an additional 9 holes added in 2002. **Table 11** displays historical operating results for the Legends Golf Course.

Table 11: Legends Golf Course Operating History

	2010	2011	% Change	2012	% Change
Rounds Played	31,571	31,256	(1.0%)	34,719	11.1%
Operating Revenues	\$1,006,193	\$993,978	(1.2%)	\$1,114,896	12.2%
Operating Expenditures	\$1,040,219	\$1,052,474	1.2%	\$1,047,021	(0.5%)
Results of Operations	(\$34,026)	(\$58,496)	(71.9%)	\$67,876	216.0%
Debt Service	\$527,885	\$524,045	(0.7%)	\$524,045	0.0%
Income Tax Allocation	\$561,238	\$600,200	6.9%	\$536,163	(10.7%)
Net Results	(\$673)	\$17,659	(2,723.9%)	\$79,993	353.0%
Cost Recovery	64.2%	63.0%	N/A	71.0%	N/A
Operating Profit (Loss) per Round	(\$1.08)	(\$1.87)	(73.1%)	\$1.96	204.8%

Source: Massillon

As shown in **Table 11**, the City was able to generate an operating profit in 2012 after two consecutive years of operating deficits. The operating profit in 2012 was driven by an increase in revenues brought about by an 11.1 percent increase in rounds played. The significant increase in rounds played mirrored a national trend which showed a record surge in rounds played at courses throughout the country in 2012, and an increase in the East /North Central region (which includes Wisconsin, Illinois, Indiana, Ohio, and Michigan) in particular of 13.4%, due to more favorable weather conditions.⁹

The golf industry as a whole has seen an overall reduction of its consumer base. Approximately thirty-five million fewer 18-hole rounds were played in 2011 compared with 1990 and market research shows the industry lost about 400,000 players over the past year (2011) alone.¹⁰ Even though a significant increase in rounds played occurred in 2012, this is not considered to be a sustainable trend. Data gathered as of October 2013 showed rounds played were down year-to-date by 4.4 percent nationally and 6.9 percent in Ohio in comparison to the prior year.¹¹ Therefore, while large declines in the golf industry may have bottomed out, substantial growth is not projected. The National Golf Foundation expects the number of golfers to grow by about three million between 2010 and 2020, a growth rate of about 1 percent.¹² Should this minimal industry growth occur, courses will be forced to maintain or increase profit margins through a combination of enhanced operational efficiency, aggressive marketing, and/or a review of pricing structures.

One step many municipalities have taken to address the decline in the golf industry and the resulting losses that have occurred is to close or sell municipally owned courses. For example, the City of Columbus (Franklin County) decided to close its Walnut Hill Golf Course and the City of Middletown (Butler County) elected to attempt to sell its municipally owned and operated course in 2013. It is difficult to determine, however, if course closure is the most prudent course of action as shifting from a revenue generating asset to a non-generating asset could further hamper a city's financial condition. In addition, the decline in the industry has resulted in a corresponding decrease in the market value of many courses, which also may make the sale of these assets less attractive. For example, as the City of Middletown attempts to sell its course, it has estimated the value is approximately one-fourth of what it was a decade ago.¹³

In determining course closure, an entity should determine its shutdown point: the point where revenues from operations cannot meet variable costs. AOS did not attempt to analyze the shutdown point for the Legends Golf Course as the course generated a profit in 2012 (see **Table 11**) and detailed operating data was not available allowing analysts to determine accurate variable costs. In addition, a course utilization analysis was completed that showed Massillon's course had a higher utilization rate than the peer city courses (see **Appendix B: Supplemental Information**). Other policy considerations by the City may also impact the decision of course closure.

⁹ *Golf Datatech Reports Rounds Played at Record High Levels for 2012*, World Golf News, November 12, 2012

¹⁰ *After Decade of Decline, Golf Industry Seeks Family-Friendly Answers*, Anderson Independent Mail April 3, 2012

¹¹ *More of Area's 35 Golf Courses Struggling To Stay Open*, Hamilton Journal-News, December 10, 2013

¹² *According to Golf, the Economy Is Out of the Rough*, Bloomberg.com, July 13, 2013

¹³ *More of Area's 35 Golf Courses Struggling To Stay Open*, Hamilton Journal-News, December 10, 2013

In the alternative to course closure, Massillon should concentrate efforts on increasing net income through an increase in revenues and enhanced operating efficiency. One method other municipalities have used to increase operating efficiency is to outsource course management. *Rethinking Municipal Golf Course Operations* (Athletic Business, January 2012) states that many municipal courses contract out some services, creating a public/private hybrid. Few parks and recreation departments have the same level of expertise in golf course management and marketing that a private company offers, nor can they take advantage of economies of scale achieved when supplies are purchased in bulk. Private companies often also benefit from facing fewer spending constraints than a municipal department faces.

The Cities of Detroit (Michigan) and Toledo (Ohio) are two of several cities that have privatized the management of their municipal golf courses with positive results. Both of these cities endured operating losses and General Fund subsidies of golf operations. The City of Detroit has contracted out the management of its four municipal courses for over two decades. As a result of this arrangement, Detroit was able to achieve positive net income. Similarly, Collins Park Golf Course in Toledo contracted with a private management company for golf course operations in 2009. Prior to contracting out operations, Collins Park had an approximate loss of \$450,000 annually. After a third party management group took over operations, the course had an annual net operating income of approximately \$246,000.

Based on projections of stagnant growth in the golf industry, future positive operating outcomes for Massillon may be contingent upon reducing expenditures through increased operating efficiencies or an increase in rounds played brought about by more aggressive marketing. The City may be best positioned to achieve these savings through third party management. In 2012, the City of Burbank (California) studied the possibility of contracting for private management of its municipally owned golf course. As part of this discussion, city administrators cited several potential benefits of a full-service (operations, maintenance, pro shop, and food service operations) management contract. Among the possible benefits outlined were the following:

- Removal of the city from day-to-day operation responsibility;
- Potential for purchasing efficiencies;
- Full coherence and cohesiveness of all aspects of the operations, including marketing;
- Less direct city involvement required, thus reducing overhead (cost allocation); and
- Enhanced experience and expertise in golf facility of contractor and/or hired individuals.

Of the above, Massillon could receive the most benefit from a full cohesiveness of all aspects of operations and increased marketing. The current management structure includes supervising employees with divided responsibilities for course operations/maintenance, pro shop, and the food service function. Unifying these responsibilities under one central management function would result in a coordination of efforts, unified organizational goals, and enhanced customer service. In addition, Massillon has a limited marketing function that promotes the Legends Golf Course. Shifting the marketing function to a third party that has a direct stake in generating revenues and expertise in golf marketing could increase rounds played and operating revenues.

Golf management firms typically charge between 3 to 6 percent of total revenues. In 2012, Massillon's administrative costs of 23.4 percent were significantly higher than the upper bound

of this rage. On the revenue side, municipalities that have contracted out course management have seen increases in rounds played of 8 to 12 percent through enhanced marketing, promotion, and technological systems and strategies, even during periods of industry declines.

Financial Implication: Based on 2012 operating data, the City could generate additional annual revenues of **\$88,000** assuming an 8 percent increase in rounds played. Additionally, the City could realize administrative cost savings of **\$198,300**, assuming a 6 percent management fee, by outsourcing golf course management.

R.13 Review Massillon Recreation Center (MRC) rates

The MRC offers the following membership options for residents: continuous renewal; annual new member; or a three month pass. Non-residents have the same options but at a higher rate. Massillon also offers single visit passes, and five and ten visit punch cards. **Table 12** shows an income adjusted¹⁴ comparison of MRC's rates to the peers.

Table 12: Recreation Center Resident Rate Analysis

	Massillon	Index Adjusted Peer Average	Difference	Percentage Difference
Median Household Income	\$38,376	\$61,613	(\$23,237)	(37.7%)
Individual	\$166	\$201	(\$35)	(17.4%)
Sr. Adult 60+	\$85	\$123	(\$38)	(30.9%)
Youth (15 -18)	\$99	\$152	(\$53)	(34.9%)
Youth (4 -14)	\$85	\$166	(\$81)	(48.8%)
Family up to 4	\$322	\$345	(\$23)	(6.7%)
Additional Child	\$31	\$39	(\$8)	(20.5%)
Married Couple	\$242	\$319	(\$77)	(24.1%)

Source: US Census Bureau, Massillon, and the peer cities of Bowling Green, Brunswick, Mason, Medina, and Westlake

As illustrated in **Table 12**, MRC rates are lower than the peer average for every membership category, showing that Massillon residents devote a lower portion of their average household income for MRC memberships. A similar comparison was performed on the non-resident rate schedule which is displayed in **Table 13**.

¹⁴ Rates were adjusted according to median household income as determined by the US Census Bureau to eliminate regional cost of living biases.

Table 13: Recreation Center Non-Resident Rate Analysis

	Massillon	Index Adjusted Peer Average	Difference	Percentage Difference
Median Household Income	\$38,376	\$59,023	(\$20,647)	(35.0%)
Individual	\$265	\$298	(\$33)	(11.1%)
Sr. Adult 60+	\$135	\$162	(\$27)	(16.7%)
Youth (15 -18)	\$151	\$200	(\$49)	(24.5%)
Youth (4 -14)	\$138	\$189	(\$51)	(27.0%)
Family up to 4	\$506	\$508	(\$2)	(0.4%)
Additional Child	\$49	\$50	(\$1)	(2.0%)
Married Couple	\$383	\$451	(\$68)	(15.1%)

Source: US Census Bureau, Massillon, and the peer cities of Bowling Green, Brunswick, Mason, and Medina

As shown in **Table 13**, similar to the residential rates, Massillon's non-resident rates are lower than the peer average in every category. Massillon should review its rate structure to determine if its membership pricing is commensurate with the value it perceives it is providing MRC users. In reviewing rates, the City should also include a similar assessment of program pricing and determine if membership and program pricing structure as a whole are aligned with the City's membership and attendance goals.

Appendix A: Scope and Objectives

Generally accepted government auditing 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. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

In consultation with the City, OPT agreed upon the operations of the Police and Parks and Recreation Departments as the scope areas for detailed review. Based on this, OPT developed objectives designed to identify improvements to economy, efficiency, and / or effectiveness. Objectives and scope areas assessed in this performance audit include:

- **Police Department**
 - How do staffing and workload measures compare to peers and/or benchmarks?
 - How do salaries and wages compare to peers and/or benchmarks?
 - How does sick leave and overtime compare to peers and/or benchmarks?
 - How do collective bargaining provisions compare to peers and/or benchmarks?
 - How does the vehicle fleet compare to peers and/or benchmarks?
 - Does the City effectively manage its patrol vehicle fleet?
- **Parks and Recreation**
 - Are Park and Recreation Department income tax funds allocated appropriately?
 - Are salaries in the Parks and Recreation Department comparable to peers?
 - Are capital improvement policies and practices in line with best practices?
 - Are administrative staffing levels in line with peers?
- **Golf Course**
 - Is staffing at the Legends Golf Course in line with peers?
 - Are rates for the Legends Golf Course in line with peers?
 - Is the size of the Legends Golf Course appropriate for the customer base?
 - Is the Legends Golf Course being managed at optimum levels?
- **Parks**
 - Are park offerings and acres per resident comparable to peers and best practices?
 - Are park maintenance staffing levels in line with peer averages and best practices?
- **Recreation Center**
 - Are recreation center rates comparable to peers?
 - Is the space at the recreation center utilized to the fullest?
 - Are programs cost effective?
 - Are the personal training and class instructor's independent contractor contracts reasonable and beneficial to the City?
 - Are childcare services cost effective?

Appendix B: Supplemental Information

Historical Financial Data

Table B-1 displays Police Department expenditures for 2010 through 2012.

Table B-1: Police Department Historical Expenditures

	2010	2011	% Change	2012	% Change
Salaries	\$3,213,954	\$3,437,794	7.0%	\$3,122,527	(9.2%)
Benefits	\$632,215	\$697,026	10.3%	\$898,361	28.9%
Contracted Services	\$332,718	\$298,601	(10.3%)	\$357,035	19.6%
Other	\$487,854	\$271,364	(44.4%)	\$669,004	146.5%
Total	\$4,666,741	\$4,704,785	0.8%	\$5,046,927	7.3%

Source: Massillon

As shown in **Table B-1**, total Police Department expenditures increased over 7 percent in 2012 despite a large reduction in salary costs. Overall costs increased in this same year due in part to large increases in benefits (22 percent rise in health insurance costs), contracted services (16 percent increase in central dispatch costs), and other expenditures (268 percent increase in pension transfers).

Table B-2 displays Parks and Recreation Department expenditures for 2010 through 2012.

Table B-2: Parks and Recreation Department Historical Expenditures

	2010	2011	% Change	2012	% Change
Salaries	\$1,381,962	\$1,408,141	1.9%	\$1,417,219	0.6%
Benefits	\$388,238	\$443,121	14.1%	\$472,079	6.5%
Contracted Services	\$812,051	\$748,184	(7.9%)	\$653,258	(12.7%)
Other	\$740,174	\$582,200	(21.3%)	\$621,532	6.8%
Debt Service	1,331,463	1,348,910	1.3%	1,332,024	(1.3%)
Total	\$4,653,888	\$4,530,556	(2.7%)	\$4,496,112	(0.8%)

Source: Massillon

As shown in **Table B-2**, Parks and Recreation Department expenditures increased slightly in the three year period shown. Significant increases in benefits and other expenditures in 2012 were offset by a 12.7 percent decrease in contracted services which occurred as a result of lower utilities costs for the recreation center and a reduction of over 50 percent in service contracts for the golf course.

Salaries and Wages Comparison

Massillon police officer career compensation was compared to the peer cities and a local average consisting of the surrounding cities of Canal Fulton, Canton and North Canton. A local average was included in the comparison as officers would be likely to seek alternative employment in the region. **Table B-3** displays a comparison of total compensation an employee would earn over a 30-year career based on bargaining agreement salary schedules.

Table B-3: Officer Career Compensation

	Massillon	Peer Average	Difference	% Difference	Local Average	Difference	% Difference
Step 0	\$20.69	\$24.63	(\$3.94)	(16.0%)	\$19.13	\$1.56	8.2%
Step 5	\$23.55	\$31.28	(\$7.73)	(24.7%)	\$24.20	(\$0.65)	(2.7%)
Step 10	\$24.19	\$32.22	(\$8.03)	(24.9%)	\$25.58	(\$1.39)	(5.4%)
Step 15	\$24.85	\$32.46	(\$7.61)	(23.4%)	\$26.36	(\$1.51)	(5.7%)
Step 20	\$25.52	\$32.60	(\$7.08)	(21.7%)	\$27.38	(\$1.86)	(6.8%)
Step 25	\$26.35	\$32.71	(\$6.36)	(19.4%)	\$28.63	(\$2.28)	(8.0%)
Step 30	\$27.21	\$32.71	(\$5.50)	(16.8%)	\$29.81	(\$2.60)	(8.7%)
Career	\$1,580,301	\$2,042,309	(\$462,008)	(22.6%)	\$1,684,281	(\$103,980)	(6.2%)

Source: Massillon and the peer cities of Bowling Green, Fairborn, Mason, North Olmsted, North Royalton, and Westlake and the surrounding cities (local average) of Canal Fulton, Canton, and North Canton

Note: In addition to longevity and pension, the peer average factors in an annual professional wage supplement of \$2,500 included in the North Royalton contract.

As shown in **Table B-3**, career compensation for the officer position was significantly lower (22.6 percent) than the peer average and the local average (6.2 percent).

In addition to the base salary amounts, the analysis in **Table B-3** takes into account the supplemental pay items of longevity and pension contributions contained in the collective bargaining agreements of Massillon and both sets of peer departments. Four of the six peer contracts and all three local average contracts include longevity pay supplements, while the Massillon contract does not.

Table B-4 displays a comparison of police chief salaries as reported in the *2013 City Salary Survey* (Ohio Municipal League, 2013) for Massillon in comparison to the peers and an average of similarly populated cities within Ohio.¹⁵

Table B-4: Police Chief Salary Comparison

	Massillon	Peer Average	Difference	% Difference	Similar Population Average	Difference	% Difference
Chief of Police Salary	\$77,388	\$100,749	(\$23,361)	(23.2%)	\$100,474	(\$23,086)	(23.0%)

Source: Massillon and the Ohio Municipal League Survey 2013 City Salary Survey

¹⁵ Includes cities within 20 percent of the population of Massillon as the local peer city data was not included in the survey.

As shown in **Table B-4**, Massillon's Chief of Police salary was significantly lower than both the peer average and the similar population average. It should be noted that the OML salary data does not contain information such as length of service, pension pick up or other fringe benefits that may be included in the total compensation.

Parks and Recreation Department employees are not covered by a collective bargaining agreement. As a result, completing a salary schedule comparison for parks and recreation employees similar to that displayed in **Table B-3** was not possible. Instead, raw wage data was collected from the peer cities and used for comparison purposes. It should be noted that this data does not include employee tenure and assumes similar job responsibilities based on titles. **Table B-5** displays a wage comparison between MRC employees and the peer cities.

Table B-5: Recreation Center Employees Hourly Wage Comparison

	Massillon	Peer Average	Difference	Percentage Difference
Building Monitor	\$9.04	\$9.90	(\$0.86)	(8.7%)
Child Watch	\$7.85	\$8.83	(\$0.98)	(11.1%)
Custodian	\$8.01	\$9.49	(\$1.48)	(15.6%)
Fitness Attendant	\$7.85	\$8.82	(\$0.97)	(11.0%)
Fitness Instructor	\$7.89	\$19.90	(\$12.01)	(60.4%)
Front Desk	\$8.12	\$8.94	(\$0.82)	(9.2%)
Gym Attendant	\$7.85	\$7.89	(\$0.04)	(0.5%)
Head Lifeguards	\$8.45	\$10.19	(\$1.74)	(17.1%)
Lifeguards	\$7.85	\$9.00	(\$1.15)	(12.8%)
Water Aerobics Instructor	\$7.92	\$11.50	(\$3.58)	(31.1%)
Water Safety Instructor	\$8.00	\$9.52	(\$1.52)	(16.0%)

Source: Massillon and peer cities of Medina, North Olmsted, and Mason

As shown in **Table B-5**, MRC employee wages were lower for every job classification shown.

Table B-6 shows a similar comparison for parks maintenance employees.

Table B-6: Parks Maintenance Salary Comparison

	Massillon	Peer Average	Difference	Percentage Difference
Parks Maintenance Wage	\$11.67	\$15.39	(\$3.72)	(24.2%)

Source: Massillon and the peer cities of North Olmsted, Bowling Green, Fairborn and Mason

Similar to the MRC employees, **Table B-6** shows that parks maintenance employees had an average wage lower than the peers.

Table B-7 displays a comparison of parks and recreation director salaries as reported in the *2013 City Salary Survey* (Ohio Municipal League, 2013) for Massillon in comparison to the peers and an average of similarly populated¹⁶ cities within Ohio.

¹⁶ Includes cities within 20 percent of the population of Massillon.

Table B-7: Parks and Recreation Director Salary Comparison

	Massillon	Peer Average	Difference	% Difference	Similar Population Average	Difference	% Difference
Parks Director	\$60,199	\$68,796	(\$8,597)	(12.5%)	\$77,483	(\$17,284)	(22.3%)

Source: Massillon and the Ohio Municipal League Survey 2013 City Salary Survey

As shown in **Table B-7**, Massillon's Parks and Recreation Director salary was significantly lower than both the peer average and the similar population average. It should be noted that the salary data does not contain information such as length of service, pension pick up or other fringe benefits that may be included in the total compensation for Massillon or the peers.

Staffing

Table B-8 displays a comparison of Parks and Recreation Department administrative staffing for Massillon and peer average.

Table B-8: Administrative Staffing Comparison

	Massillon	Peer Average	Difference	Percentage Difference
Director	1.0	1.0	0.0	0.0%
Assistant Director	1.0	1.0	0.0	0.0%
Recreation Center	5.0	8.6	(3.6)	(41.9%)
Golf	3.3	4.3	(1.0)	(23.3%)
Senior Citizens Center	1.5	3.0	(1.5)	(50.0%)

Source: Massillon and the peer cities of Bowling Green, Fairborn, Gahanna, Medina, North Olmsted, Stow, and Westlake

As shown in **Table B-8**, Massillon's administrative staff was structured similar to the peer cities and was lower for every department.

Table B-9 displays staffing levels for Massillon's parks maintenance function in comparison to the peer average.

Table B-9: Park Maintenance Staffing Comparison

	Massillon	Peer Average	Difference	% Difference
Park Maintenance FTEs	6.3	6.6	(0.3)	(4.5%)
Maintained Acres	410	186	224	120.4%
Maintained Acres/FTE	65.1	28.2	36.9	130.9%

Source: Massillon and the peer cities of Bowling Green, Fairborn, Mason, North Olmsted, and Westlake

As shown in **Table B-9**, Massillon's park maintenance function was significantly more efficient than the peer average as judged by having an average acreage maintained per FTE that was 130.9 percent greater than the peer average.

Table B-10 displays staffing levels for the Legends Golf course in comparison to the peer average.

Table B-10: Golf Course Staffing Comparison

	Massillon	Peer Average	Difference	Percentage Difference
Administration	3.3	1.2	1.1	91.7%
Maintenance	7.5	3.5	4.0	114.3%
Operations	5.4	4.1	1.3	31.7%
Clubhouse Operations	4.6	1.8	2.8	155.6%
Other	0.0	0.4	(0.4)	(100.0%)
Total	20.8	10.9	9.9	90.8%
Maintained Acres	200.0	90.4	109.6	121.2%
Acre/Maintenance FTE	26.7	25.8	0.9	3.5%

Source: Massillon and the peer cities of Gahanna, North Olmsted, and Westlake

As shown in **Table B-10**, total golf course staffing was more than 90 percent higher than the peer average, however, it should be noted that Massillon was the only 27-hole facility in the peer group. While course size would have direct effect on maintenance and operations staffing, it should have only a varying effect on the other job classifications.

Golf Course Utilization

Table B-11 shows the utilization of the Legends Golf Course in comparison to the peer municipal courses. Utilization was determined by taking the estimated average number of daily available tee times divided by the average rounds per day.

Table B-11: Golf Course 2012 Utilization Comparison

	Massillon	Peer Average	Difference	% Difference
Total Rounds Played	34,719	18,956	15,763	83.2%
Playable Days	232.0	241.7	(9.7)	(4.0%)
Rounds Played/Day	149.7	78.4	71.3	90.9%
Available Rounds/Day	617.7	480.4	137.3	28.6%
Capacity Utilized	24.2%	16.3%	7.9%	N/A

Source: Massillon and peer cities of Stow, North Olmsted, and Westlake

Table B-11 shows that the Legends Golf Course had a higher utilization than the peer courses. Although it can be assumed based on the 27-hole utilization rate of 24.2 percent that a contraction to an 18-hole facility would drive up utilization to a level greater than the 7.9 percentage point difference shown above, sufficient data was not available to complete this analysis.

Recreation Center Facility Utilization

Table B-12 displays a recreation center square footage utilization comparison between Massillon and the peer average.

Table B-12: Recreation Center Facility Utilization Comparison

	Massillon	Peer Average	Difference
Gymnasium	35.2%	42.2%	(7.0%)
Fitness Room & Office	8.0%	15.7%	(7.7%)
Aquatic Center	22.3%	18.2%	4.1%
Community Room	7.4%	1.5%	5.9%
Meeting Rooms	0.4%	2.1%	(1.7%)
Aerobic Rooms	7.7%	4.2%	3.5%
Track	6.8%	8.3%	(1.5%)
Locker Rooms	3.7%	4.6%	(0.9%)
Admin Offices	2.0%	1.1%	0.9%
Lobby	0.9%	0.9%	0.0%
Other	5.7%	2.6%	3.1%

Source: Massillon and the peer cities of Bowling Green, Medina, and Westlake

As shown in **Table B-12**, Massillon has a larger portion of its square footage dedicated to revenue generating functions; a total of 15.5 percent of total space is dedicated to community, meeting and aerobic rooms compared to 7.8 for the peer average.

Client Response

The letter that follows is the City'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 supporting documentation, revisions were made to the audit report.



Kathy Catazaro-Perry, Mayor

March 7, 2014

The Honorable David Yost
Auditor of State
88 East Broad Street
Columbus, Ohio 43215

Dear Auditor Yost:

On behalf of the City of Massillon, I thank you and your staff in working with us to complete the performance audit of our Police Department and Parks and Recreation Department, including our public golf course. This timely audit is of the utmost importance to Massillon and its leadership as it will be used as a tool to help us navigate our way through reduced government funding, the elimination of other sources of revenues at the state level, and an expiring significant-dollar safety forces grant. The work and time invested in this endeavor now provides our city with a roadmap for future operational considerations.

The City of Massillon has been declared in Fiscal Emergency by you on October 8, 2013. As part of our recovery plan, the recommendations from the performance audit ("the report") will be considered as cost savings initiatives as well as revenue enhancing strategies. It is our intention to thoroughly vet your recommendations and implement as many as are feasible, with regard being given to restrictions contained within certain negotiated collective bargaining agreements.

It is noted that many of the recommendations in the report revolving around the Police Department involve contractual provisions in the labor union contracts (see R-4). That being the case, ground work will need be laid between now and when the next negotiation takes place to bring about changes necessary to provide the city residents, businesses, and visitors the best police protection available, given the financial resources with which the city operates.

We appreciate the effort it took to substantiate the sick leave comparison calculation for the Police Department (Table 4) as there were varying numbers of police officers on staff throughout the year. The actual number of officers during year 2012 ranged from 50 (January) to 38, due to layoffs and retirements - all happening within the first six months.

Relative to the Parks and Recreation portion of the report, it is noted that the city does not employ a formal tax allocation plan to determine what percentage of the generated income tax for the department goes to operations, to debt service, and to the capital improvements fund. As a matter of information, the allocation percentages are calculated annually with the amount needed to service debt for the upcoming year being the primary determinant with the remainder being allocated towards operating expenses and the capital improvements fund.

Section R.11 of the report references senior citizen services and notes an operating loss for senior citizens programs. Although the center is not operated as a profit center per se, there are funds generated towards helping to sustain programs. Furthermore, there are currently other program offerings being considered that would increase the number of users and ability of the Senior Center to have additional revenue generation, including grant(s) possibilities. It is also noted that the current location of the senior center is beneficial to many of its membership.

We appreciate the work of your office and audit team to assess our city's selected areas of operations and look forward to using the report to help improve the quality and value of services we provide to our citizens.

Sincerely,



Kathy Catazaro-Perry
Mayor



Dave Yost • Auditor of State

CITY OF MASSILLON

STARK 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
APRIL 1, 2014**