

**BEACHWOOD CITY COUNCIL
FINANCE AND INSURANCE COMMITTEE MEETING**

AGENDA

**MONDAY, NOVEMBER 26, 2018
at 6:00 PM**

at **BEACHWOOD CITY HALL, CONFERENCE ROOM A,
25325 Fairmount Boulevard, Beachwood, Ohio.**

Chairman: Alec Isaacson
Committee Member: Eric Synenberg
Committee Member: June Taylor

1. Mayor's Report.
2. Discussion regarding Municipal Solutions – Efficiency Study.
3. Discussion regarding 2019 Budget.
4. Any other matters coming before the Finance and Insurance Committee.

#

CITY OF *Beachwood*
INTEROFFICE MEMORANDUM

TO: Brian Linick, Council President
James Pasch, Council Vice President

FROM: Tina M. Turick, Assistant Administrative Officer 

DATE: November 6, 2018

SUBJECT: Engagement Letter – Citywide Performance Audit

At the October 22, 2018 Committee of the Whole meeting, the City presented a proposal from Municipal Solutions regarding a Performance Audit for our Service Department. At the request of City Council, we asked Municipal Solutions to provide a proposal that would encompass a citywide Performance Audit.

Attached please find the engagement letter submitted as a result of those conversations. The Mayor and Finance Director are recommending we move forward at this time and will be available should Council wish to further discuss in Committee.

T.M.T.

Cc: Martin S. Horwitz, Mayor
Larry Heiser, Finance Director
Members of City Council
Department Directors
Whitney Crook, Clerk of Council

Enc. Municipal Solutions Engagement Letter – Citywide

EXECUTIVE SUMMARY

WHY AN OPERATIONS AUDIT?

All public agencies face challenges associated with the P-Issues: *People, Planning, Policies, Processes, Procedures and Paperwork*. Because public agencies are dynamic organizations, and change over time, departments can become overwhelmed, understaffed, and inefficient. What worked last year might not be most effective, efficient or sustainable today.

To successfully identify and remedy various organizational issues, risks and liabilities, organizational development consultants must have the experience necessary to examine a public agency comprehensively – from a 30,000-foot level – while also possessing the expertise necessary to examine individual departmental operations. If initiated and completed effectively, Operations Audits can improve organizational culture, reduce liabilities, and improving service quality.

PURPOSES

While they are also called by different names including Performance Audits, Efficiency Studies or Organizational Reviews, Operations Audits all have the same general purposes:

- ✓ *to effectively identify the potential for waste and fraud,*
- ✓ *to attain greater efficiency and innovation,*
- ✓ *to minimize the negative impacts that reduced revenues can have on organization,*
- ✓ *to identify ways to improve organizational culture, service quality, and efficiency, and*
- ✓ *to strengthen the foundation of the organization, and*
- ✓ *to provide the departments with an implementation roadmap for the future.*

AUDIT AREAS

Audit areas generally include:

- Functions: *Service Delivery & Processes*
- Structure: *Organizational Structure / Management Accountability & Alternatives*
- Resources: *Management / Use (Personnel, Technology, Physical Facilities)*
- Collaboration / Privatization: *Public Partnerships, Mutual Aid and Outsourcing, and*
- Rules, Policies, and Procedures: *Accounting, Budget, Procurement, Purchasing*
- Compliance: *Legal & Litigation, Statutory Requirements*
- Risk Analysis: *Cash Management, Fixed Assets, Fraud Vulnerabilities, Insurance & Bonding Compliance*

Audit areas are discussed in detail in the work plan below.

BENEFITS

Benefits of an Operations Audit include:

- ✓ Validation of Best Practices
- ✓ Minimization of Fraud, Legal Risks & Waste
- ✓ Efficient use of Assets, Personnel & Technology
- ✓ Independent verification of Cost Savings potential
- ✓ Discovery of Alternative Revenues
- ✓ Increased Revenue Collection,
- ✓ Increased cost savings
- ✓ Realignment / redistribution of expenses
- ✓ Process & Service Quality Improvement (streamlining)
- ✓ Increased trust in elected and appointed public officials.

PROJECT TIMING

Like many local governments, meeting citizen expectations is a constant challenge for the City of Beachwood. Demands for service improvement and expansion continue despite budget and finance limitations and a slow-growing economy. As the City is also experiencing high turnover of employees and pressure from increasing deferred maintenance and capital investment costs, these conditions create an imperative to evaluate and realign the City's functions, structure and staffing.

This current situation also provides a unique opportunity to re-examine services they are providing, the levels of service, and the internal systems, tools and processes which may not be as efficient or effective as possible. While government operates under different constraints than the private sector, government can, and should, in large measure, become much more efficient and effective in delivering services to its resident, tax-paying public.

PROJECT OVERVIEW

Consultants will conduct a comprehensive examination of the City's personnel, policies, practices, processes and procedures. This ***"Operations Audit & Management Plan"*** will determine:

1. *whether the City is acquiring, protecting, and using its resources (such as personnel, property, and space) as economically and efficiently as possible,*
2. *the causes of inefficiencies or uneconomical practices, and*
3. *whether the City has complied with laws and regulations or matters of economy and efficiency.*

While it will be written to be easily understood by various audiences - including media, elected officials, department staff and the general public, the Final Report is to be written with the express purpose of being implemented by the employees. For implementation to be most effective, participation by department staff will be highly encouraged and necessary. Consultant methods and draft scope of work are included below.

SCOPE OF WORK

DIVISIONS, FUNCTIONS & OFFICES EXAMINED

The following departments / divisions / functions are to be examined:

<i>Building</i>	<i>Building Permits & Inspections, Code Enforcement / Property Maintenance, Planning / Preservation/Zoning.</i>
<i>City Administration</i>	<i>City Council, City Manager, Mayor's Office, City Clerk, Solicitors (City Attorney's) & Public Information.</i>
<i>Community Services</i>	<i>Recreation, Human Services, Communications</i>
<i>Economic Development</i>	<i>Business Attraction, Business Retention</i>
<i>Finance</i>	<i>Accounting, Accounts Payable, Personnel / HR, Information Technology, Payroll, Purchasing & Treasury.</i>
<i>Public Safety</i>	<i><u>Safety Director</u></i> <i><u>Police:</u> Traffic, Courts & Patrol.</i> <i><u>Fire:</u> Fire / Rescue & Fire Prevention.</i>
<i>Public Services</i>	<i>Building Maintenance, Engineering, Field Operations, Parks & Public Facilities, Streets – Sidewalks – Medians - City Entrances, Utilities & Vehicle Maintenance, Sewers, Snow Removal, Solid Waste / Recycling,</i>

Also: Analytics / Business Analysis, Asset & Fleet Management, Contracts for Services, Operations Compliance, Organizational Structure, Risk Management, Staffing, Partnerships, Outsourcing & Privatization.

EVALUATION TEAM PHILOSOPHIES

1. The City Council is compelled by staff vacancies, economic / financial circumstances and to take a closer look at municipal operations to identify opportunities for greater institutional efficiency and service delivery, ways to reduce municipal operational expenses while retaining high-quality employees.
2. The Mayor has the desire and responsibility to maintain organizational effectiveness by attracting and retaining high-quality employees. In light of fiscal and economic constraints, the Mayor will greatly benefit from the results of this assessment.
3. Employee input is a critical part of the process. Management and line / field staff will be actively involved in the interactions with consultants for two reasons:
 - (1) consultants are to be resources for staff, and
 - (2) employee participation is necessary for successful implementation and sustainability of the findings.

4. High-level to ground-level. A comprehensive, high-level examination of the City's operations will be critical to effectively identify thematic or systemic problems within the organization. A ground-level analysis will further examine ways to reduce the cost of operations within all departments, increase service quality, and organizational efficiency, effectiveness and sustainability.
5. Implementation Roadmap. An implementation roadmap will enable staff to successfully implement achievable short and long-term efficiencies.

METHODOLOGIES

Various methodologies are used to gather and analyze data, enabling the development of specific conclusions and recommendations. These methodologies include:

- *Review of completed master plans for the utility and enterprise funds.*
- *Review of staff-provided materials.*
- *Review of department generated analysis and reports.*
- *Review of state and local statutes as well as departmental and City-wide policies.*
- *Interviews, discussion and conversations with management and non-management employees to better understand overall department operation, functions, policies, etc.*
- *Examination of departmental infrastructure.*
- *Examination of departmental records.*

OBJECTIVES (SEE ALSO BELOW)

- Explore the Department's needs, skills, processes, resources and priorities to determine how refinement or improvement to operational efficiency (time), expenditures (costs), and revenue generation can be realized during the upcoming 2017 & 2018 Fiscal Years.
- Examine the Department's Functions; evaluate the Form or Structure of each department to determine whether it is optimal towards fulfillment of the department and City-wide goals, objectives and priorities; and determine whether the current Resources (personnel, technology and assets) are being used efficiently.
- Determine optimization alternatives to the Department's Functions, Forms / Structure, and Resources.
- Determine if, where and why internal stop-gaps are failing and to remedy them.
- Determine and quantify the most effective strategy for the Department, to accomplish its organizational objectives.
- Determine the most effective means for reducing the cost of operations while improving service delivery and service quality.
- Establish the basis for internal assessments, controls, monitoring, and reporting for perpetual organizational improvement to these ends.
- To strengthen the foundation of the organization.
- To provide the Department with an implementation roadmap for the future.

LETTER OF ENGAGEMENT

THIS AGREEMENT IS MADE THIS _____ DAY OF _____, 2018,
BETWEEN THE CITY OF BEACHWOOD, OH, (CITY) AND MUNICIPAL SOLUTIONS, LLC. (CONSULTANT)

1. OBJECTIVES OF THIS PROJECT

Municipal Solutions shall address the following Objectives:

- Explore each department's needs, skills, processes, resources and priorities to determine how refinement or improvement to operational efficiency (time), expenditures (costs), and revenue generation can be realized during the upcoming 2018 & 2019 Fiscal Years.
- Examine the department's Functions; evaluate the Form or Structure of the Service department to determine whether it is optimal towards fulfillment of the department and City-wide goals, objectives and priorities; and determine whether the current Resources (personnel, technology and physical assets) are being used efficiently.
- Determine optimization alternatives to the organization's Functions, Forms / Structure, and Resources.
- Determine if, where and why internal stop-gaps are failing and how they can be remedied.
- Determine and quantify the most effective strategy for each department, to accomplish their organizational objectives.
- Determine the most effective means for reducing the cost of operations while improving service delivery and service quality.
- Establish the basis for internal assessments, controls, monitoring, and reporting for perpetual organizational improvement to these ends.
- Strengthen the foundation of the organization.
- Provide the departments with an implementation roadmap for the future.

2. WORK PLAN

ORGANIZATIONAL ASSESSMENT

The Organizational Assessment process is universal in its application within the organization. The Organizational Enhancement concept **requires discussion among consultants and employees** to develop a knowledge of and familiarity with each of the City's department's, services, FUNCTIONS; to how effective the ORGANIZATIONAL STRUCTURE in distributing responsibilities in performance of key functions, and whether

its physical and STAFFING resources are being efficiently utilized to realize significant cost savings and service quality improvement. Below is a complete overview of the Organizational Assessment process to empower city management to maximize the citizen's return on investment.

PHASE 1: PRE-ASSESSMENT

1. **Objective:** Discovery and Orientation

a. **Discovery:**

- Gather a variety of information from City staff necessary to begin familiarization of the City's systems, tools and processes.
- Design and administer a Customer Service Survey to a representative sample of residents in the community to obtain feedback regarding awareness, perceptions and quality of service received.

- #### b. **Kickoff Meeting:** Prepare orientation materials for a 'kick-off' meeting / discussion with Department Managers regarding principals of *efficiency, effectiveness* and *sustainable innovation* – and what they mean from various organizational perspectives (City Administration, Department Supervisors and Line / Field Staff as determined necessary). Discussion regarding the results of the Customer Service Survey. Discussion regarding how innovation could translate into measurable cost savings and improve quality of service. Discuss the principles of *change, efficiency, effectiveness and sustainability* and how this Assessment aims to reduce cost of operations, and improve quality of service. Brief discussion on the objectives of our work, timelines and outcomes. Discussion on the project scope of work and the range of potential outcomes (*organizational changes to functional duties, reorganization, and possibly reassignment, but also changes in policies, procedures, paperwork, and planning*).

PHASE 2: ASSESSMENT

- ### 1. **Objective:** Consultants shall comprehensively examine the City's departments and identify essential Service Area Functions, the Form or Structure currently being used to carry out its intended objectives, and evaluate whether Function, Form or personnel and other physical Resources are optimal in reducing the cost of operations. Determine where significant cost-savings can be realized both short-term and in perpetuity, and provide a high-level evaluation with fairly detailed recommendations including changes to policy, technology, reorganization, reassignment, service level changes, mutual aid and more

efficient use of all resources. Departments and related functions to be examined include:

Municipal Solutions shall review the following departments or divisions:

Building	<i>Building Permits & Inspections, Code Enforcement / Property Maintenance, Planning / Preservation/Zoning.</i>
City Administration	<i>City Council, City Manager, Mayor's Office, City Clerk, Solicitors (City Attorney's) & Public Information.</i>
Community Services	<i>Recreation, Human Services, Communications</i>
Economic Development	<i>Business Attraction, Business Retention</i>
Finance	<i>Accounting, Accounts Payable, Personnel / Human Resources, Information Technology, Payroll, Purchasing & Treasury.</i>
Public Safety	<i><u>Safety Director</u>, <u>Police</u>: Traffic, Courts & Patrol; & <u>Fire</u>: Fire / Rescue & Fire Prevention.</i>
Public Services	<i>Building Maintenance, Engineering, Field Operations, Parks & Public Facilities, Streets/Sidewalks/Medians/City Entrances, Utilities & Vehicle Maintenance, Sewers, Snow Removal, Solid Waste / Recycling,</i>

Consultants will also try to gain familiarity with and report on:

Analytics / Business Analysis, Asset & Fleet Management, Contracts for Services, Operations Compliance, Organizational Structure, Risk Management, Staffing, Partnerships, Outsourcing & Privatization.

Below are further descriptions of what the consultants are expected to examine:

a. Function: Service Delivery & Processes

Municipal Solutions shall evaluate principal areas of department functions, what services they provide (internal and external), and how current processes deliver those services. Examine rate-based revenues, user fees, and tax-generated revenues for legal and prudent ways to redistribute costs for services and operational expenses.

b. Organizational Structure / Management Alternatives

Consultants shall evaluate how the organizational structure within the department and among departments might be more efficient in addressing current services and other services of the City. Such reorganization might include combining or separation of functions, sharing of resources, and / or

the reassignment of personnel. **Organizational Structure** – *Examine existing system-wide organizational structure, and make recommendations for expansion or consolidation of services and departments.*

Consultants will Analyze the staffing requirements and existing positions; Determine the following concerning existing staff positions; *Is there a sufficient number of positions to adequately perform the City's services safely, efficiently and effectively? Are staff performing tasks efficiently, effectively, and economically or can positions be consolidated or eliminated?* Identify controlling personnel policies and determine level of compliance by existing personnel and management; Evaluate hiring standards; Review payroll procedures; Compare salaries and benefits with other departments with the City government and other neighboring governmental entities that perform essentially the same employment duties and have similar job descriptions; Determine if best management practices are utilized to supervise personnel; Evaluate personnel training programs; Make recommendations to correct deficiencies discovered in personnel analysis.

c. **Resources: Management / Use (Personnel, Technology, Physical Facilities)**

Consultants will evaluate the department's current Personnel, Technology and Physical Facilities to determine a greater efficiency than is currently realized. Consider the reassignment of personnel, more efficient use of physical facilities, and better use of technologies to improve efficiency and service delivery. *Report will include the current and potential use of Best Available Technologies (BAT) to ensure the most efficient installation of equipment and effective operation of the City departments and functions.* Recommend the installation, removal or replacement of equipment or programs to meet organizational financial and service delivery goals. Consider the benefits and cost savings of Electronic government (E-Gov) services which provide greater access for residents and businesses to municipal services while providing more efficient process management for staff and cost savings to the organization.

Consultants will evaluate City data processing and technology assets: Identify and inventory system-wide data processing assets; Evaluate efficiency and adequacy of existing assets; Determine system-wide needs for data processing and service personnel, equipment, hardware, software; Identify safety and security concerns; Evaluate records storage concerns, space and alternatives; Make recommendations for staffing levels and needed data processing equipment; Determine if system-wide data processing functions are being duplicated by other City departments, and if so, would it be practical and cost effective to consolidate these functions;

and Project cost estimates for system-wide needs for the next five (5), ten (10), fifteen (15), and twenty (20) years.

d. Public Partnerships, Mutual Aid and Outsourcing

Consultants will evaluate the potential for Mutual-Aid Agreements with other public institutions, including the County, School Districts, Special Districts or other government agencies in addressing services, technology or personnel towards performance improvement and / or cost-sharing of similar operations or maintenance expenses. Examine the potential for Outsourcing certain functions or services to private institutions including the potential of privatization of services and fee-based contracts.

e. Rules, Policies, and Procedures

Consultants will evaluate all internal rules, policies, and procedures for compliance, adequacy, and effectiveness, and evaluate existing system-wide operational policies for effectiveness, adequacy, and functionality by identifying existing operational policies and standards of performance; measuring performance and compliance with existing operational policies and standards; reviewing effectiveness, adequacy and practical functionality of operational policies; establishing benchmark governmental operational policy standards; comparing and contrasting established benchmark policy standards with current operational policy standards; making recommendations to correct deficiencies discovered; and identifying existing operational policies and programs that are efficient and effective.

f. Compliance: Legal & Litigation, Statutory Requirements

g. Risk Analysis: Cash Management, Fixed Assets, Fraud Vulnerabilities, Insurance & Bonding Compliance

PHASE 3: PRELIMINARY REPORT

Organizational Assessment (Preliminary Report) reporting the status of interim findings and observations. These reports are generally of an interim basis, meaning, they are part of an incomplete work product requiring further, discussion, validation and clarification.

PHASE 4: FINAL REPORT

Organizational Assessment & Management Plan (Final Report) will present validation of current best practices in use, illustration of potential problems or concerns, and identification of alternatives and cost-benefit analysis that can be

implemented strategically. The Final Report is generally put in terms that a lay-person could easily understand & move forward after reading, but contains enough detail to permit the technician in his / her field of expertise to implement effectively. Final Report will be comprehensive in nature – covering all department services. Solutions will be as specific and detailed as possible.

PHASE 5: PRESENTATIONS & TRAINING

Presentations & Training. We will present to the City Council and work with staff in additional training as needed based on the outcome of the Assessment & Final Report recommendations.

3. DELIVERABLES & TIMING

Element / Phase	Deliverable	Timing
I	Pre-assessment	Immediate upon contract execution.
II	On-site Kick-off Meeting, Department Tours & Interviews	45 days from execution of contract <i>(or sooner if requested)</i> .
III	Preliminary Report <i>(draft working document)</i>	30 days from on-site review <i>(or sooner if requested)</i> .
IV	Final Report	45 days from Preliminary Report <i>(or sooner if requested)</i>
V	Presentations to Staff, City Council.	As necessary. Communication w/ the Media as approved, prudent & useful

Consultant will provide seven (7) printed and bound copies of the Final Report, and will provide electronic copies of all written materials, research, spreadsheets, data and final products on three (3) CDs – all in Microsoft Office format or any other format preferred. Copies of final report will be professionally bound. Additional printed or electronic copies can be provided as requested.

City will provide consultant access to on-site facilities including use of printing equipment and supplies while on-site to reduce reimbursable costs for the project.

4. RATES

Municipal Solutions' rates are structured one of three ways: Project-based, Hourly Rate-based, or Reduced Hourly Rate-based. For purposes of this assignment, a **not to exceed amount of \$85,870 plus expenses** is proposed below. Price includes expenses.

Phase / Activity	Description	Cost
I. Pre-assessment	Administration of Customer Service Survey & Report; gather, disseminate and review electronic and paper documents from City staff; meeting preparation.	\$11,850
II. Assessment	Kick-off meeting with department staff; Presentation of Survey results; 3-days onsite (interviews, data collection & validation)	\$29,250
III. Preliminary Report	Consultant team collaboration (on-site) and assemblage of the report (off-site).	\$13,950
IV. Final Report	Consultant team gathers additional information to complete the various sections of the Report; final revisions / edits of Final Report.	\$16,800
V. Presentation & Workshop	Consultant team presentation to City Council and workshop for discussion and implementation strategy.	\$3,500
Expenses	5 consultants x 6-days onsite + lodging & transportation; copies of report	\$10,520
Total:		\$85,870

Because Municipal Solutions, llc consultants are specialists and practitioners in various fields and professions, retaining the best, but affordable team members is essential to the success of this project. We are responsible for ensuring that our findings are based on fact, and defensible in court (if ever necessary). That is our standard.

Included travel expenses are generally included in the overall project cost. We anticipate 5 consultants onsite for 6 days during the engagement + round-trip airfare and IRS-standard per diem food and lodging. *If the client requires additional meetings, return visits, significant revisions to written documents or is responsible for delays, consultant will remain as flexible with time and additional expense as possible, however if any additional expense might incur, consultant will notify the City immediately to discuss and / or obtain approval for additional work, time or expense*

Invoices are also itemized including time and expense. Internal project status worksheets are kept by the Consultant to ensure all projects do not exceed the amount contracted. Unless otherwise stated in this agreement, clients are billed in 'progress payments' payable within 15 days of invoice date. Invoices will not be itemized. This project will be billed as follows:

- 25% due within 10 business days of the execution of this agreement.
- 35% due within 15 days of submittal of Preliminary Report.

- 40% due within 15 business days of submittal of the Final Report.

ADDITIONAL WORK*

Although we are available to provide you with municipal consulting services, we are not obligated to venture beyond the terms of this agreement in writing. Municipal Solutions is also willing to provide the following services – including implementation as requested:

- A. Implementation Assistance
- B. Strategic Planning of Annual Goals & Policies
- C. Personnel (*i.e. Compensation/Classification Review, Job Descriptions, Policy Manuals*)
- D. Contract Management (*i.e. Contract Audits, Franchise Audits*)
- E. Training (*i.e. Customer Service Training, Management & Leadership*)
- F. Fee Structures (*i.e. Enterprise Fund Recovery & Policy Revision*)
- G. Surveys (*i.e. Customer Service Audit*)
- H. Process mapping & Improvement
- I. Procurement (*i.e. Bid Specifications / Document Preparation, Vendor Evaluation / Selection and Contract Administration*)
- J. Mutual-Aid (*i.e. Preparing & Securing Inter-government / Inter-agency Agreements*)

The Hourly Rate or Project Rate or any additional work not supplied in the initial agreement will be determined at the appropriate time and included in any additional amendments by written change order. All supplies related to all elements including publication of documents, are included as are the use of municipal supplies, telephone and photocopying equipment by Consultant Team Members is approved while on-site as is appropriate to offset additional expenses.

Additional work will be approved in writing and billed at the reduced hourly rate or project rate to be determined.

5. COMPANY REPRESENTATION; CITY REPRESENTATION; MISCELLANEOUS:

The City should rely on advice from our organization, however, we prefer to fully review and report our recommendations and results in writing to the City of Beachwood. This Agreement contains the entire agreement of the parties and this agreement may be amended in writing. Unexpected or changing circumstances may be encountered during the engagement, therefore, changes may be necessary, by the request of either party, without revision to the terms of this Agreement, though it is also understood that changes should be reduced to writing. Client also understands that many of our consultants are practitioners in other public agencies, which will require some flexibility in scheduling arrangements, adjustments of deadlines and substitution of consultants (if necessary).

Municipal Solutions cannot provide an assurance that a 'perfect' product will be rendered. However, all efforts will be made to ensure the best product possible for the

client. Circumstances may arise in which it is necessary for us to modify our efforts or withdraw from the engagement. To mitigate the effects of such circumstances, the findings or reasons for concern, modification or withdrawal will be communicated clearly by each agent of this agreement, and reduced to writing as often as possible. Both parties agree to work in good faith to avoid any delay or premature termination in the relationship.

The City has the ultimate responsibility for identifying a project manager or contact for the course of this project, and outlining necessary outcomes of this agreement. The Consultant has the responsibility of providing timely and accurate information, communications, and the results in fulfilling the established objectives and tasks of this agreement. This responsibility includes the maintenance of adequate records and internal controls and the safeguarding of accomplished tasks. Our agreement cannot be relied upon to disclose every problem in the relationship; however, both parties agree to notify each other immediately if any such matters come to one or the other's attention. We have confidence that the relationship will greatly benefit both parties.

The City agrees that all records, documentation, and information in its possession in connection with our engagement will be made available to us, and Consultant agrees that all records, documentation, and information in our possession in connection with our engagement will be disclosed one to another, and that consultant will have the full cooperation of the City's personnel, under the direction of its Principal, for the efficient and effective completion of the requested services.

Both parties agree that the City shall own any document, record, product or information created by the parties under this Letter of Engagement. The City shall not have to pay any party for the use or continued use of any document created under this Letter of Engagement, and the City shall not prohibit Consultant from use of any product form this engagement for marketing, promotional and sales purposes.

As required by generally accepted standards, both parties will make specific inquiries into various organizations to whom a relationship exists or may eventually exist. If the responses to our inquiries, the oral and representations, and results of our efforts somehow appear to compromise our relationship, both parties agree to first try to resolve the relationship together without resulting to litigation. If both parties are unable to resolve the dispute, then either party shall be allowed to pursue litigation to resolve the dispute. Any litigation shall be brought in the Superior Court of Maricopa County in the State of Arizona, which shall have exclusive venue for any matter arising out of this Letter of Engagement. This Agreement shall be governed by the Laws of the State of Arizona.

Both parties acknowledge that this Letter of Engagement is subject to the conflict of interest provisions set forth in as amended and statutes in the State of Ohio.

6. INSURANCE

Municipal Solutions, llc maintains current liability, automotive and workers compensation insurance.

1. \$1/\$2 Million Commercial Comprehensive, E & O and Automotive Liability policy through The Hartford, and
2. Workers Compensation Insurance as required by law in the State of Arizona.

7. TERMINATION

This Agreement may be terminated with or without cause upon 15 calendar days notice to the other. The amount due Consultant on termination shall be a payment to Consultant that reflects the total payment due on the completed agreement minus the sum that reflects a pro-rata daily computation of the amount remaining to be paid on the agreement based on promised delivery dates commencing from the termination date. The City shall be entitled to all work sheets and products prepared up to the termination date.

Notices will be sufficient if emailed and mailed to the following persons:

Martin S. Horowitz, Mayor
City of Beachwood, OH
25325 Fairmount Blvd.
Beachwood, OH 44122
Mayor@beachwoodohio.com

David A. Evertsen, Principal
Municipal Solutions, LLC
P.O. Box 5038
Goodyear, AZ 85338
devertsen@municipalsolutions.org

8. ACCEPTANCE

By: _____

Martin S. Horowitz, Mayor
Representing: City of Beachwood, OH
Date:

By: _____

David A. Evertsen, Principal
Representing: Municipal Solutions, LLC
Date:

Approved as to Form

By: _____
Date:

Exhibit A – List of Documents and Materials for Pre-Assessment

A project of this scope mandates full cooperation of all participating agencies and internal departments, including Finance, City Clerk, IT, etc., and especially the cooperation of the agencies that will potentially be affected by the integration: Human Resources, Information Technology, and Purchasing.

During the Pre-assessment phase, department staff will be provided a list of documents, details and data which will be needed by the consultants. Documents which may be requested include (but are not limited to) the following:

Staff Contact Information

- Internal Telephone and Email list.

Rules, Policies & Procedures

- Personnel Manual/Policies and Procedures, including purchasing, vehicle use, customer service, operational policies, etc.
- Commission/Management goals and priorities, as previously approved for last three years.

Cooperative Service Agreements

- Agreements with or between other government agencies for sharing of services (may include purchasing, service delivery, resource sharing, etc)

Organizational Structure/Personnel

- Current Organizational Chart including all classified positions in all departments, divisions, boards & commissions (include Enterprise Funds).
- Total Personnel by department current and last five (5) years.
- Current Employee Classification System, including pay grades and ranges for positions, employees by classification and their current pay grades and ranges.
- Copies of Job Descriptions for all classified positions.

Accounting, Budget, Finance, Revenue & Expenditure Analysis:

- Most recent Bond Prospectus.
- Most recent annual Audit report.
- Operating Budgets for Fiscal Year and previous two years. Include any special revenue or enterprise funds.
- Capital Improvements Program (5 year if available).
- Copy of IT or Technology Plans spanning the last 5 years.
- Lists of fixed assets / capital facilities / municipal property / all vehicles.
- List of Service Contracts with private service providers including software licenses, maintenance agreements, printer / copier leases, mobile phone plans, etc. Actual documents can be inspected onsite as needed.

- List of any Mutual-aid Agreements with other government agencies, special districts, school districts.
- Map of the City illustrating locations of all public buildings, public property that does or will have computers and telephones.
- List of grants received and currently managed by the City.
- Copies of Development Agreements and Franchise Agreements made within the past 10 years.

General Information:

- Prepared public information regarding local economics, demographics, and statistics.

Much of this information will be required for us prior to our onsite work, however additional information will likely be requested for review. When consultants begin their onsite work, a whiteboard session will require key department personnel in attendance, one-on-one interviews over two days and follow-up/Q&A by email and/or telephone over the term of the project.

During our onsite work, we will need use of a conference room, a work space for three/meeting space for two days, access to a network printer, photo copier, Internet access, and telephone while onsite.

Equipment / Space Needed:

- Dedicated work space for both days (i.e. conference room with space for 8-10).
- Individual 'meeting' spaces in each department or division for sit-down or face-to-face meetings (i.e. space for 3-4).
- Internet access for web research and email correspondence (send and receive capability).
- Temporary read-only access to 'shared' network databases for document retrieval and review. Ability to log on to the terminal server through the Internet or network connection to get to your intranet.
- Use of Printer, Photocopier and telephone equipment while on-site.



MUNICIPAL SOLUTIONS®

EFFICIENCY. TECHNOLOGY. SAFETY.

EFFICIENCY STUDIES, OPERATIONS AUDITS & PERSONNEL PROJECTS

Over the past 14 years, we have helped small local governments, provincial governments and national government agencies save more than \$351,109,000 through comprehensive organizational assessments, prudent recommendations and effective implementation. It's through our efforts conducting Organizational Efficiency Audits, Compensation Studies, Organizational Structure Realignment, Process Re-Engineering and Policy Manual revisions that more than 400 public and private sector agencies have realized greater revenue collections, reduced fraud and improved public access to public services. Results include:

US LOCAL GOVERNMENT *(does not include international projects)*

- ✓ **Bankruptcy** / near-Bankruptcy management for cities of Belmont, TX; Vallejo, CA
- ✓ **Consolidation** efforts of Louisville / Fulton County; Kansas City / Wyandotte Co.; Nashville / Davidson County; Richmond / Virginia Beach, Lexington / Fayette County
- ✓ **Development Services:** Streamlining operations, staffing & organization structure
- ✓ **Facilities Maintenance:** Examining facility size and use for repair, consolidation and / or disposal of harbors, libraries, conference centers, police and fire facilities, and public utilities.
- ✓ **Fleet Maintenance:** Finding \$240,000 in excess *Fleet Management* costs
- ✓ **Franchises:** Discovering \$600,000 in underpaid *Utility Franchises*.
- ✓ **IT:** Discovering \$120,000 in overpayment of leases and software licenses
- ✓ **IT:** Assessing *Information Technology and Software*-caused inefficiencies, and
- ✓ **Public Works Privatization:** \$400,000 in *Outsourcing, Privatizing & Public-Private Partnerships*.
- ✓ **Staffing:** Determining \$450,000 in overstaffing.
- ✓ **Utilities:** Recovering \$650,000 in *uncollected debt* from delinquent utility customers.
- ✓ **Utilities:** Identifying \$500,000 in *uncollected revenue* due to under-registering water meters.

Links to full reports and exciting results:

Citizen Surveys

- Arkansas City, KS: [Local Survey of Customer Service from 3-Perspectives: Citizens, Council & Employees](#)

Consolidation & Privatization

- Parkland, FL: [Public Works, Parks, Streets](#)

Compensation, Classification, Reorganization, Job Descriptions and Policy Manuals

- Shawnee, KS: [Salary & Benefits All Departments](#)

Customer Service

- Arkansas City, KS: [Professional Survey of 3-Perspectives: Citizens, Council & Employees](#)

Efficiency & Operations Audits *(includes facilities, policies, procedures, operations and management)*

- Sitka, AK: [Facilities, Fleet, Public Safety, Utilities, Personnel, Management & Operations](#)
- Delray Beach, FL: [Fire, Police, Fleet, IT, Risk Management, Planning](#)
- Arkansas City, KS: [Fire, Police, Fleet, IT, Finance, Planning, Legal & more](#)
- Fort Collins, CO: [Building Maintenance, Custodial Services](#)
- Clearfield, UT: [Fleet Maintenance Study](#)

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The following pages contain a partial client list with some project details and costs.

US LOCAL GOVERNMENT

CITY OF ST CLOUD, FL (POP. 46,000)

UNDERWAY

➤ INTERIM FINANCE DIRECTOR

CONTACT: LESLIE FLORES, PURCHASING MANAGER / WILLIAM STURGEON, CITY MANAGER
PHONE: 07-957-7318 EMAIL: LLFLORES@STCLOUD.ORG /
WSTURGEON@STCLOUD.ORG
PROJECT COST: \$48,000

TOWN OF INDIAN RIVER SHORES, FL (POP. 4,228)

UNDERWAY

➤ COMPENSATION & CLASSIFICATION STUDY WITH ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

CONTACT: ROBBIE STABE, TOWN MANAGER
PHONE: 772-231-1771 EMAIL: TOWNMANAGER@IRSHORES.COM
PROJECT COST: \$9,500

CITY OF BELLVILLE, TX (POP. 4,170)

UNDERWAY

➤ INTERIM FINANCE DIRECTOR FOR THE IMPLEMENTATION OF OPERATIONS AUDIT FINDINGS

CONTACT: SHAWN JACKSON, CITY MANAGER
PHONE: 979-865-3136 EMAIL: SJACKSON@CITYOFBELLVILLE.COM
PROJECT COST: \$24,000

CITY OF GALLUP, NM (POP. 22,261)

UNDERWAY

- COMPENSATION & CLASSIFICATION STUDY WITH ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.
- ASSIST BENEFITS COMMITTEE TO RESEARCH, IMPLEMENT NEW EMPLOYEE BENEFITS PROGRAM

CONTACT: MARYANN USTICK, CITY MANAGER
PHONE: 702 994-3649 EMAIL: MUSTICK@GALLUPNM.GOV
PROJECT COST: \$50,000

CITY OF COVINGTON, KY (POP. 42,000)

UNDERWAY

- ORGANIZATIONAL EFFICIENCY ASSESSMENT: PROCESS, PERSONNEL, ASSET & FINANCE, COMPENSATION, CLASSIFICATION, AND ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

➤ FINANCE DIRECTOR SEARCH

UNDERWAY

CONTACT: DAVID JOHNSTON, CITY MANAGER
PHONE: 206.391.2712 EMAIL: DJOHNSTON@COVINGTONKY.GOV
PROJECT COST: \$45,000

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CITY OF COVINGTON, KY (POP. 42,000)

COMPLETE

➤ EXECUTIVE SEARCH – CITY MANAGER

CONTACT: LOREN WOLFF, INTERIM CITY MANAGER
PHONE: 859.801.9706 EMAIL: LOREN@WOLFFLAWKY.COM
PROJECT COST: \$24,000

CITY OF SYRACUSE, UT (POP. 27,775)

COMPLETE

➤ BUSINESS PROCESS AND ORGANIZATIONAL EFFICIENCY ASSESSMENT & MASTER PLAN

CONTACT: BRODY BOVERO, CITY MANAGER
PHONE: 801-614-9622 EMAIL: BBOVERO@SYRACUSEUT.COM
PROJECT COST: \$47,000

CITY OF COCONUT CREEK (FL) (POP. 56,792)

COMPLETE

➤ EXAMINATION OF COMMUNITY TRANSIT FACILITIES AND EVALUATION OF OPERATIONS, MAINTENANCE, MANAGEMENT AND EXPANSION ALTERNATIVES.

CONTACT: JIM BERKMAN, PUBLIC WORKS DIRECTOR
PHONE: 954-734-5066 EMAIL: JBERKMAN@COCONUTCREEK.NET
PROJECT COST: \$22,500

CITY OF BELLVILLE, TX (POP. 4,170)

COMPLETE

➤ ORGANIZATIONAL EFFICIENCY ASSESSMENT: PROCESS, PERSONNEL, ASSET & FINANCE, COMPENSATION, CLASSIFICATION, AND ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

CONTACT: SHAWN JACKSON, CITY MANAGER
PHONE: 979-865-3136 EMAIL: SJACKSON@CITYOFBELLVILLE.COM
PROJECT COST: \$31,712

CITY OF SITKA, AK (POP. 9,020)

COMPLETE

➤ ORGANIZATIONAL EFFICIENCY ASSESSMENT: PROCESS, PERSONNEL, ASSET & FINANCE, COMPENSATION, CLASSIFICATION, AND ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

CONTACT: MARK GORMAN, CITY MANAGER
PHONE: 907-747-1808 EMAIL: MARKGORMAN@CITYOFSITKA.COM
PROJECT COST: \$50,000

CITY OF TECUMSEH, OK (POP. 6,597)

COMPLETE

➤ COMPREHENSIVE ASSESSMENT & RECONSTRUCTION OF SALARIES & BENEFITS, JOB DESCRIPTIONS, JOB CLASSIFICATIONS & PERSONNEL POLICY MANUAL

CONTACT: JIMMY STOKES, CITY MANAGER
PHONE: 405-255-3501 EMAIL: JIMSTOKES@TECUMSEHOK.ORG
PROJECT COST: \$15,000

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CITY OF SAFFORD, AZ (POP. 9,602)

COMPLETE

- COMPENSATION & CLASSIFICATION STUDY WITH ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

CONTACT: HORATIO SKEETE, CITY MANAGER
PHONE: 928-432-4021 EMAIL: HSKEETE@SAFFORDAZ.GOV
PROJECT COST: \$5,000

CITY OF LARGO, FL (POP. 78,409)

COMPLETE

- EXECUTIVE RECRUITMENTS AND ORGANIZATIONAL STRUCTURE RE-ALIGNMENT OF TWO POSITIONS FOR BUILDING & PLANNING DEPARTMENTS.

CONTACT: CAROL STRICKLIN, COMMUNITY DEVELOPMENT DIRECTOR
PHONE: 727-586-7490 EMAIL: CSTRICKL@LARGO.COM
PROJECT COST: \$50,272 (\$21,552 + \$28,700)

CITY OF AVONDALE, AZ (POP. 78,822)

COMPLETE

- LEADERSHIP SUMMIT WITH CITY COUNCIL, STRATEGIC PLANNING RETREAT AND DEVELOPMENT OF STRATEGIC PLAN FOR THE CITY.

CONTACT: STEPHANIE KARLIN, VICE MAYOR
PHONE: 623-293-1176 EMAIL: IZTHTU@HOTMAIL.COM
PROJECT COST: \$31,687

CITY OF SHAWNEE KS (POP. 30,533)

UNDERWAY

- COMPREHENSIVE ASSESSMENT & RECONSTRUCTION OF SALARIES & BENEFITS, JOB DESCRIPTIONS, JOB CLASSIFICATIONS & PERSONNEL POLICY MANUAL

CONTACT: BRIAN MCDUGAL, CITY MANAGER (now Port Arthur, TX)
PHONE: 409-983-8101 EMAIL: BEMCDUGAL@GMAIL.COM
PROJECT COST: \$25,000

TOWN OF DARTMOUTH, MASS (POP. 30,666)

COMPLETE

- COMPREHENSIVE EFFICIENCY ASSESSMENT AND EFFICIENCY BENCHMARKING OF DEPARTMENTS INCLUDING SCHOOLS, RECREATION, PLANNING & BUILDING, FINANCE AND ADMINISTRATION

CONTACT: David Cressman, City Manager
PHONE: 508 910-1813 EMAIL: cressmandg@town.dartmouth.ma.us
PROJECT COST: \$41,000

CITY OF FORT COLLINS, CO (POP. 153,000)

COMPLETE

- EFFICIENCY STUDY AND STAFFING REVIEW FOR CUSTODIAL, BUILDING MAINTENANCE DIVISIONS

CONTACT: Darrin Atteberry, City Manager
EMAIL: DATTBERRY@fcgov.com
PROJECT COST: \$15,000

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TOWN OF HANOVER, NH (POP. 10,000)

COMPLETE

- FIRE CHIEF EXECUTIVE SEARCH
- REGIONAL, BI-STATE FIRE DEPARTMENT CONSOLIDATION

Contact: Julia Griffin, Town Manager
Phone: 603-640-3211 Email: Julia.Griffin@Hanovernh.org
PROJECT COST: \$22,500

CITY OF WALKER, MI (POP. 30,000)

COMPLETE

- PERSONNEL ASSESSMENT: PUBLIC SAFETY EMPLOYEE SALARIES & BENEFITS, JOB DESCRIPTIONS, CLASSIFICATIONS, POLICY MANUAL & REORGANIZATION

Contact: Cathy Vander Mullen, City Manager
Phone: 616-292-6566 Email: Cathy.VanderMeulen@ci.walker.mi.us
PROJECT COST: \$10,000

CITY OF PARKLAND, FL (POP. 24,083)

COMPLETE

- PERSONNEL ASSESSMENT & RECONSTRUCTION: EMPLOYEE SALARIES & BENEFITS, JOB DESCRIPTIONS, JOB CLASSIFICATIONS, POLICY MANUAL & REORGANIZATION

CONTACT: CARYN GARDNER-YOUNG, CITY MANAGER
PHONE: 954.753.5040 EMAIL: CGARDNERYOUNG@CITYOFPARKLAND.ORG
PROJECT COST: 4 CONTRACTS IN 2007, 2008, 2010 AND 2012 (TOTAL \$45,000)

CITY OF ARKANSAS CITY, KS (POP. 19,748)

COMPLETE

- COMPREHENSIVE ORGANIZATIONAL EFFECTIVENESS ASSESSMENT OF ALL DEPARTMENTS INCLUDING FLEET, FACILITIES, OPERATIONS, MAINTENANCE, PERSONNEL AND POLICIES

CONTACT: STEVE ARCHER, CITY MANAGER
PHONE: 620-441-4414 EMAIL: sarcher@arkansascityks.gov
PROJECT COST: \$35,000

CITY OF HURON, ND (POP. 11,281)

COMPLETE

- COMPREHENSIVE JOB DESCRIPTION REVISION, COMPENSATION & CLASSIFICATION & PERSONNEL POLICIES UPDATE

CONTACT: PAULLYN CAREY, FINANCE OFFICER
PHONE: 605.353.8502 EMAIL: FINANCEOFFICER@HURONSD.COM
PROJECT COST: \$22,000

CITY OF CLEARFIELD, UT (POP 28,376)

COMPLETE

- FLEET & MAINTENANCE FACILITIES EFFICIENCY STUDY

CONTACT: CHRIS HILLMAN, CITY MANAGER
PHONE: 801.940.4966 EMAIL: CHILLMAN@CLEARFIELDCITY.ORG
PROJECT COST: \$10,000

CITY OF ELKO, NV (POP 18,297)

COMPLETE

- REGIONAL COMPENSATION RESEARCH & COMPENSATION SYSTEM UPDATE

CONTACT: CURTIS CALDER, CITY MANAGER
PHONE: 775.777.7122 EMAIL: CCALDER@CI.ELKO.NV.US

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PROJECT COST: \$10,525

CITY OF PLEASANT VIEW, UT (POP 5,632)

COMPLETE

ORGANIZATIONAL ASSESSMENT & RESTRUCTURE PLAN

- EMPLOYEE RE-CLASSIFICATION, JOB DESCRIPTION REVISION & COMPENSATION UPDATE
- PERSONNEL MANUAL REVISION

CONTACT: MAYOR DOUG CLIFFORD

PHONE: 801.389.0942 EMAIL: DCLIFFORD@PLEASANTVIEWCITY.COM

PROJECT COST: \$12,500

CITY OF DELRAY BEACH, FL (POP 64,092)

COMPLETE

- ORGANIZATIONAL EFFICIENCY ASSESSMENT: PROCESS, PERSONNEL, ASSET & FINANCE
- COMPENSATION, CLASSIFICATION, AND ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

CONTACT: DAVID HARDIN, CITY MANAGER

PHONE: 561.243.7015 E-MAIL: DHARDIN@CI.DELRAY-BEACH.FL.US

PROJECT COST: \$25,000

CITY OF DAYTONA BEACH, FL (POP 61,005)

COMPLETE

- ORGANIZATIONAL EFFICIENCY ASSESSMENT: ADMINISTRATION, FINANCE, & IT
- COMPENSATION, CLASSIFICATION, & ORGANIZATIONAL STRUCTURE RE-ALIGNMENT.

CONTACT: RICARDO KISNER, FINANCE DIRECTOR

PHONE: 386.671.8069 E-MAIL: KISNERR@CODB.US

PROJECT COST: \$25,000

CITY OF HARRISVILLE, UT (POP 61,005)

COMPLETE

- ORGANIZATIONAL ASSESSMENT & RESTRUCTURE PLAN
- COMPENSATION & CLASSIFICATION STUDY
- JOB DESCRIPTION & COMPENSATION SYSTEM UPDATE
- PERSONNEL MANUAL REVISION

CONTACT: MAYOR RICHARD HENDRIX

PHONE: 801.782.9648 EMAIL: MAYOR@CITYOFHARRISVILLE.COM

PROJECT COST: \$12,500

CITY OF PARKLAND, (POP. 24,083)

COMPLETE

- EMPLOYEE RE-CLASSIFICATION
- JOB DESCRIPTIONS & COMPENSATION SYSTEM REVISION
- PERSONNEL MANUAL REVISION

CONTACT: CARYN GARDNER-YOUNG, CITY MANAGER

PHONE: 954.753.5040 EMAIL: CGARDNERYOUNG@CITYOFPARKLAND.ORG

PROJECT COST: \$13,000

CITY OF GOODYEAR, AZ (POP 65,275)

COMPLETE

- CONDUCT ANNUAL EVALUATION OF THE CITY MANAGER
- COMPREHENSIVE COMMUNICATIONS MASTER PLAN
- FACILITATION OF 12-AGENCY PHOENIX-AREA TELECOMMUNICATIONS SUMMIT

CONTACT: MAYOR JIM CAVANAUGH & STEPHEN CLEVELAND, CITY MANAGER

JERENE WATSON, DIRECTOR OF COMMUNITY INITIATIVES

PHONE: 623.693.0005 E-MAIL: JWATSON@GOODYEARAZ.GOV

PROJECT COST: \$35,000

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CITY OF PLEASANT GROVE, UT (POP 33,798)

COMPLETE

- ORGANIZATIONAL ASSESSMENT & RESTRUCTURE PLAN
- EMPLOYEE RE-CLASSIFICATION & COMPENSATION REVISION
- JOB DESCRIPTION & PERSONNEL MANUAL REVISION

CONTACT: GARY CLAY, ASST. CITY MANAGER / FINANCE DIR.
PHONE: 801.785.5045 EMAIL: [GCLAY@PGCITY.ORG](mailto:gclay@pgcity.org)
PROJECT COST: \$8,500

VILLAGE OF TEQUESTA, FL (POP 5,273)

COMPLETE

- CITY COUNCIL ORIENTATION & PROBLEM SOLVING
- EMPLOYEE INTERVIEWS FOR DUTIES ANALYSIS & EMPLOYEE RE-CLASSIFICATION
- JOB DESCRIPTION & COMPENSATION SYSTEM REVISION

CONTACT: MIKE COUZZO, VILLAGE MANAGER
PHONE: 561.575.6204 EMAIL: [MCOUZZO@TEQUESTA.ORG](mailto:mcouzzo@tequesta.org)
PROJECT COST: \$13,000

CITY OF SCOTTSDALE, AZ (POP 278,715)*

COMPLETE

- ANNUAL PERFORMANCE EVALUATIONS FOR CITY MANAGER, ATTORNEY, CLERK, AUDITOR.

CONTACT: MAYOR MARY MANROSS OR NEAL SHEARER, ASSISTANT CITY MANAGER
PHONE: 480.312.6500 EMAIL: [MMANROSS@SCOTTSDALE.GOV](mailto:mmanross@scottsdale.gov); [NSHEARER@SCOTTSDALE.GOV](mailto:nshearer@scottsdale.gov)
PROJECT COST: \$15,000

CITY OF COLONIAL HEIGHTS, VA (POP 7,067) *

COMPLETE

- SENIOR MANAGEMENT RETREAT (2)
- CITY MANAGER & SENIOR STAFF EXECUTIVE COACHING

CONTACT: RICHARD A. ANZOLUT JR., CITY MANAGER
PHONE: 804.520.9265 E-MAIL: [ANZOLUTR@COLONIAL-HEIGHTS.COM](mailto:anzolutr@colonial-heights.com)
PROJECT COST: \$8,000

TOWN OF GUADALUPE, AZ (POP 5,258)

COMPLETE

- ORGANIZATIONAL ASSESSMENT & RESTRUCTURE PLAN
- COMPREHENSIVE PERSONNEL & COMPENSATION STUDY
- JOB DESCRIPTIONS, COMPENSATION SYSTEM UPDATE & PERSONNEL MANUAL

CONTACT: MARK JOHNSON, INTERIM CITY MANAGER / FINANCE DIR.
PHONE: 480.505.537 EMAIL: [NORWAYMARK@GMAIL.COM](mailto:norwaymark@gmail.com)
PROJECT COST: \$7,500

TOWN OF JUPITER ISLAND, FL (POP 679)

COMPLETE

- ORGANIZATIONAL ASSESSMENT & RESTRUCTURE PLAN
- EMPLOYEE DUTIES ANALYSIS & EMPLOYEE RE-CLASSIFICATION
- JOB DESCRIPTION REVISION, SALARY RESEARCH, RECLASSIFICATION AND RE-ALIGNMENT

CONTACT: CITY MANAGER
PHONE: 772.545.0100
PROJECT COST: \$12,000

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CITY OF FLAGSTAFF, AZ (POP 60,611)*

COMPLETE

- COMPREHENSIVE INTERVIEWS WITH THE CITY COUNCIL USED IN FORMULATING THE ANNUAL PERFORMANCE EVALUATIONS FOR THE CITY MANAGER (2004, 2006).
- CITY MANAGER EXECUTIVE COACHING
 - CONTACT: JIM WINE, DEPUTY CITY MANAGER
 - PHONE: 928.779.7643 EMAIL: JWINE@CI.FLAGSTAFF.AZ.US
 - PROJECT COST: \$8,500

CITY OF DUBLIN, OH (POP 41,751)

COMPLETE

- COMPREHENSIVE MAYOR & COUNCIL INTERVIEWS USED IN FORMULATING ANNUAL PERFORMANCE EVALUATIONS FOR THE CITY MANAGER.
- CITY COUNCIL & SENIOR MANAGEMENT PLANNING RETREAT
- ORGANIZATIONAL ASSESSMENT CLIMATE & SALARY SURVEY
- CITY MANAGER EXECUTIVE COACHING & RECRUITMENT
 - CONTACT: JANE BRAUTIGAM, CITY MANAGER
 - PHONE: 614.410.440 EMAIL: JBRAUTIGAM@DUBLIN.OH.US
 - PROJECT COST: \$15,000

TOWN OF FOUNTAIN HILLS, AZ (POP 24,669) *

COMPLETE

- ANNUAL GOAL SETTING RETREAT; DIRECTOR'S TEAM BUILDING & GOAL IMPLEMENTATION PLANNING RETREAT AND CITY MANAGER PERFORMANCE EVALUATIONS
 - CONTACT: MAYOR WALLACE NICHOLS OR TIM PICKERING, TOWN MANAGER
 - PHONE: 480.837.2003 EMAIL: MNICHOLS@FH.AZ.GOV & TPICKERING@FH.AZ.GOV
 - PROJECT COST: \$7,000

TOWN OF QUEEN CREEK, AZ (POP 26,361) *

COMPLETE

- COMPENSATION & BENEFIT SURVEY
- TOWN COUNCIL'S ANNUAL GOAL SETTING RETREAT.
- COMPREHENSIVE INTERVIEWS AND CITY MANAGER PERFORMANCE EVALUATIONS.
- COMPREHENSIVE STRATEGIC PLAN FOR TELECOMMUNICATIONS & IMPLEMENTATION
 - CONTACT: CYNTHIA SEELHAMMER, TOWN MANAGER
 - PHONE: 480.897.9887 EMAIL: CSEELHAMMER@QUEENCREEK.ORG
 - PROJECT COST: \$18,000

LA HABRA HEIGHTS, CA (POP 5,325)

COMPLETE

- 3-WAY CABLE FRANCHISE TRANSFER
- PROBLEM RESOLUTION WITH WIRELESS PROVIDERS
- COMPREHENSIVE PERSONNEL & COMPENSATION STUDY
 - * INITIAL PHASE COMPLETION

CONTACT: RON BATES, CITY MANAGER / JIM RUTH, INTERIM CITY MANAGER
PHONE: 562.694.6302 E-MAIL: JIMR@LA-HABRA-HEIGHTS.ORG
PROJECT COST: 3 PROJECTS, \$12,300

* Some work listed performed by David Latshaw, Senior Associate

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INTERNATIONAL

INTERNATIONAL

Afghanistan: Assessments, Change Management & Organizational Development

Kabul Municipality (pop. 5,000,000): Assessment of 16 Departments, 22 Districts, 156 Managers, 6,500 Civil Servants and \$300,000,000 facilities and assets.

Kabul Municipality (pop. 5,000,000): Process Mapping and Re-Engineering 24 Revenue & Finance functions discovering \$ millions uncollected revenue.

National Police / National Traffic Directorate: Organizational Assessment involving a facilitated a national process-mapping exercise of the national Driving License, Vehicle Registration & Customs processes which discovered \$47,109,378 in uncollected license fees, poor staff utilization, poor enforcement, poor technology and non-standardized national / regional processes.

Bangladesh: Change Management & Organizational Development

Dhaka Municipality (pop. 7,000,000) & Khulna Municipality (pop. 1,100,000): Assisting the Asian Development Bank with Organizational Assessments, Change Management and Organizational Development Plans for 23 local governments in the Dhaka and Khulna Regions before receiving \$170,000,000 new infrastructure investment.

Iraq

Baghdad: Baghdad (pop. 7,200,000) & Mosul (2,800,000): Organizational Assessments and Realignment of 15 Provincial and other Local Governments combining departments, divisions or job classifications to implement new decentralization laws and functions of budgeting, planning and legislation.

Bosnia, Myanmar (Burma), Sri Lanka, Lebanon, Libya, Tunisia:

Change Management & Capacity Building in Provincial, Regional and Local Governments.

CLIENT	FOCUS / SCOPE OF WORK	STATUS
<u>MYANMAR - LOCAL GOVERNMENT WORKSHOPS FOR 500 PUBLIC OFFICIALS</u>		COMPLETED
➤	COMPREHENSIVE ORGANIZATIONAL ASSESSMENT OF +300 CITIES AND TOWNS	
<u>TRINIDAD & TOBAGO - TRANSITIONING THE CADASTRAL MAPPING SYSTEM</u>		COMPLETED
<u>BANGLADESH LOCAL GOVERNMENT ENGINEERING DEPARTMENT (LGED)</u>		COMPLETED
➤	COMPREHENSIVE ORGANIZATIONAL ASSESSMENT OF 53 CITIES AND TOWNS INCLUDING FINANCE, ICT, HR, PUBLIC WORKS, POLICE & FIRE;	
➤	IDENTIFY & PRIORITIZE EFFICIENT AND EFFECTIVE LOCAL GOVERNMENTS	
➤	DEVELOP INSTITUTIONAL CAPACITY TO MANAGE \$170,000,000 INVESTMENT CAPITAL.	
CONTACT:	VOLKAN COSKUN, CEO, BRISBANE CITY ENTERPRISES (BCE)	
PHONE:	+61 7 3029 6692 or +61 401 345 410	EMAIL: volkan.coskun@smec.com
PROJECT COST:	\$1,235,000 (OUR PORTION \$84,000)	

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MINISTRY OF AGRICULTURE, IRRIGATION & LIVESTOCK (MAIL)

COMPLETED

- COMPREHENSIVE CAPACITY DEVELOPMENT AND CHANGE MANAGEMENT FOR 12 DIRECTORATES AND 36 PROVINCIAL OFFICES OF MORE THAN 6,000 CIVIL SERVANTS

CONTACT: BRIAN RUDERT, CHIEF OF PARTY, USAID, USDA AND ICMA INTERNATIONAL
PHONE: Kabul +93 (0) 793570551
EMAIL: BRUDERT@CBCMP.ORG
PROJECT COST: \$35,000,000 (OUR PORTION \$46,000)

MINISTRY OF LABOR, SOCIAL AFFAIRS, MARTYRS & DISABLED (MOLSAMD)

COMPLETED

- DEVELOPMENT OF THE STRATEGIC PLANNING OF PERSONNEL AND RESOURCES; DEVELOPMENT OF THE NATIONAL & REGIONAL PERFORMANCE MANAGEMENT STANDARDS

CONTACT: DREW GILMORE, DIRECTOR, AFGHAN TECHNICAL ASSISTANCE PROGRAM (ATAP)
PHONE: Ottawa +1 613-963-0368 Kabul +93 77 849 7824
EMAIL: DREW.GILMOUR@CANADEM.CA
PROJECT COST: \$125,000,000 (OUR PORTION \$40,000)

MINISTRY OF FINANCE / NATIONAL TRAFFIC DIRECTORATE

COMPLETED

- COMPREHENSIVE ORGANIZATIONAL ASSESSMENT OF INSTITUTIONAL SYSTEMS, TOOLS, PROCESSES; PROCESS MAPPING & STRATEGIC PLANNING OF PERSONNEL AND RESOURCES

CONTACT: DREW GILMORE, DIRECTOR, AFGHAN TECHNICAL ASSISTANCE PROGRAM (ATAP)
PHONE: Ottawa +1 613-963-0368 Kabul +93 77 849 7824
EMAIL: DREW.GILMOUR@CANADEM.CA
PROJECT COST: \$125,000,000 (OUR PORTION \$40,000)

KABUL MUNICIPAL GOVERNMENT (AFGHANISTAN)

COMPLETED

- COMPREHENSIVE PROCESS-MAPPING OF 24 FINANCE & REVENUE FUNCTIONS
FACILITATED 7 WORKSHOPS WITH 150 MANAGERS IN 16 DEPARTMENTS & 22 DISTRICTS

CONTACT: JON LLEWELLYN / RICHARD DAY - ADAM SMITH INTERNATIONAL
EMAIL: JON@TERAQUAD.CO.UK AND RICHARD.DAY@ASI.ORG.AF
PROJECT COST: \$125,000,000 (OUR PORTION \$120,000)

KABUL MUNICIPAL GOVERNMENT (AFGHANISTAN)

COMPLETED

- 3-MONTH COMPREHENSIVE ORGANIZATIONAL ASSESSMENT OF INSTITUTIONAL SYSTEMS, TOOLS, PROCESSES, PROCEDURES AND MANAGEMENT CAPACITY

CONTACT: PETER CLAVELLE, CHIEF OF PARTY, TETRA TECH / ARD
PHONE: 802.658.3890
EMAIL: PCLAVELLE@TETRATECH.COM
PROJECT COST: \$125,000,000 (OUR PORTION \$60,000)

15 PROVINCIAL (STATE) GOVERNMENTS (IRAQ)

COMPLETED

- ORGANIZATION ASSESSMENTS OF MORE THAN 250 DEPARTMENTS, 15 PROVINCES;
- PROCESS-MAPPING OF FINANCE, PLANNING, LEGISLATING OF 105 DEPARTMENTS;
- STAFFING GAP ANALYSIS OF MORE THAN 10,000 PUBLIC EMPLOYEES (CIVIL SERVANTS)

CONTACT: AL HAINES, FORMER CHIEF OF PARTY (COP)
EMAIL: HAINES3AE@HOTMAIL.COM
PROJECT COST: \$250,000,000 (OUR PORTION \$192,000)

UNITED STATES OFFICES

CORPORATE PHONE: 623.207.1309 875 S. ESTRELLA PARKWAY #5038 / PO BOX 5038 GOODYEAR, ARIZONA 85338

WWW.MUNICIPALSOLUTIONS.ORG



MUNICIPAL SOLUTIONS

INNOVATION SOLVING PUBLIC SECTOR PROBLEMS.

OPERATIONS STREAMLINING & RISK AUDITS

All public agencies face significant risk associated with "**P-Issues**" - **People, Planning, Policies, Processes, Procedures, and Paperwork.** These risks compound in the absence of trained experts who identify and remedy these issues, risks and liabilities. Self-audits are impossible. Hiring an independent Efficiency Expert or Performance Manager is critical.

Operations, Performance, and Forensic Audits are necessary to effectively identify waste and fraud to attain efficiency and innovation within your organization while minimizing the negative impacts that revenue reduction can have on service quality.

We make the tough decisions easier.

Our consultants are experienced in conducting public and private agency assessments having served more than 300 clients in 5 years. Whether facing financial challenges or hoping to minimize risk - we can get your organization through it.

Consultant experience includes municipal government, school districts, state agencies, the US Federal Government and private industry including:



BENEFITS

The benefits of an **Operations Streamlining and Risk Audit** include:

- Process & Service Quality Improvement.
- Validation of Best Practices.
- Minimization of Fraud, Legal Risks & Waste.
- Efficient use of Assets, Personnel & Technology.
- Independent verification of Cost Savings potential.
- Discovery of Alternative Revenues.

POTENTIAL AUDIT AREAS

Our audits include the following areas:

A) REVENUE & EXPENDITURE ANALYSIS

– Maximizing your agency's revenues:

- Alternative funding strategies,
- Alternative revenue streams and financial resources.
- Current revenue sources to determine if current revenue streams are under-utilized or over-utilized;
- Legal taxing alternatives;
- Availability, feasibility and implementation aspects of grants and other alternative financial resources for current sustainment and future program implementation



B) SERVICE CONSOLIDATION / PRIVITIZATION

- Evaluate and compare potential for improvements to revenues, expenditure and service quality under a shared and cooperative service or privatization model.

1. Law Enforcement, Fire Protection & Dispatch,
2. Solid Waste Disposal, Water Treatment, and more.



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INNOVATION SOLVING PUBLIC SECTOR PROBLEMS.

C) ORGANIZATIONAL STRUCTURE - Examination of system-wide organizational structures & expansion or consolidation of services and departments.

D) PERSONNEL – Review of staffing requirements and personnel:



1. Adequate staffing numbers to perform all required services safely, efficiently, and effectively;
2. Compliance with personnel policies, hiring standards and employee job classifications;
3. Performance measurement;
4. Payroll procedures;
5. Salaries and benefits;
6. Management practices of supervisory personnel;
7. Personnel training programs;
8. Consolidated of functions of classifications;
9. Make recommendations to correct deficiencies discovered in personnel analysis.

E) INFORMATION TECHNOLOGY HARDWARE & SOFTWARE
- Evaluate data processing and technology assets:



1. Inventory system-wide data processing assets;
2. Determine adequacy and efficiency of existing assets;
3. Conduct system-wide needs for data processing, service personnel, equipment, hardware, software;
4. Safety and security;
5. Records storage, space and alternatives;
6. Staffing levels & benefit of additional technologies;
7. System-wide data processing functions. Duplication by departments, practicality / cost effectiveness of consolidation; and
8. Projections for system-wide needs for the next five (5), ten (10), fifteen (15), and twenty (20) years.

F) SYSTEM-WIDE OPERATIONAL POLICIES - Evaluate existing system-wide operational policies for effectiveness, adequacy, and functionality.



- 1) Operational policies and performance standards;
- 2) Performance and compliance measurement;
- 3) Policy effectiveness, adequacy and functionality of operational policies;
- 4) Establishing benchmark governmental operational policy standards;
- 5) Compare and contrast established benchmark policy standards with current operational policy standards and;
- 6) Make recommendations to correct deficiencies.

G) PROCUREMENT & PURCHASING - Evaluate procurement and purchasing practices utilized by your agency in an attempt to determine:

1. Legal purchasing guidelines are being followed;
2. Evaluate purchasing policies and practices;
3. Statutory compliance;
4. Identify weakness in internal and external control mechanisms;
5. Competitive bidding compliance;
6. Determine effectiveness of supply ordering and requisitioning systems;
7. Examine appropriateness of forms utilized;
8. Identify concerns in receiving goods;
9. Evaluate technology utilized in purchasing; and
10. Recommendations to correct purchasing and procurement deficiencies.

INNOVATION SOLVING PUBLIC SECTOR PROBLEMS.

H) MANAGEMENT OPTIONS - Identifying innovative options for addressing core management challenges facing your government agency.

I) CUSTOMER SERVICE - Analyzing and evaluating government services provided to the general public and existing standards of performance for delivery of these services, and

1. Examine all government services provided;
2. Measure through survey methods the quality of services and citizen satisfaction; and
3. Make recommendations for improving public policies relating to or eliminating various services.

J) ACCOUNTING & BUDGETING – Analyzing accounting, auditing, and financial management procedures employed by your agency:

1. Determine if established policies and legal regulations are being followed;
2. Examine existing departmental accounting, auditing, and financial management policies for compliance and adequacy;
3. Ensure that proper accounting practices and verification procedures are in place for each department that receives public funds;
4. Identify weaknesses in internal and external control mechanisms for each department;
5. Determine if any existing practices are conducive to fraudulent activities;
6. Evaluate your agency's budget process for statutory compliance and efficiency;
7. Evaluate compliance with mandated federal, state, and special loan program accounting and reporting practices;



8. Make recommendations to improve accounting and auditing operations in order to correct deficiencies.

K) LEGAL COMPLIANCE - Conducting a legal compliance to determine if system-wide operations are functioning legally within state and federal statutory schemes:

1. Identify controlling local, regional and national law with regard to governmental operations of particular state constitutional or statutory office and officers, including but not limited to state laws regarding planning, zoning, building permits and inspections, storm water control, solid waste and clean air concerns; local and national workplace regulations and required benefits;
2. Compare system-wide operations with identified controlling legal regulations to determine level of compliance;
3. Identify noncompliant aspects of governmental operations; and
4. Recommend corrections to compliance deficiencies.



L) LITIGATION ANALYSIS - Conducting a litigation analysis of claims against the City and claims brought by the City to:

1. Review past and present litigation involving the your agency;
2. Identify the various types of claims against your agency;
3. Determine if patterns of claims against your agency can be identified;
4. If patterns can be identified, and make recommendations for corrective actions; and
5. Measure the effectiveness, efficiency, and adequacy and cost benefit of legal representation utilized by your agency.

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- M) RULES, POLICIES & PROCEDURES** - Evaluating all internal rules, policies, and procedures for compliance, adequacy, and effectiveness.
- N) RECORDS STORAGE / RETENTION** - Evaluating an agency's data processing and technology assets:
- 1) Identify and inventory system-wide data processing assets;
 - 2) Efficiency and adequacy of existing assets;
 - 3) System-wide needs for data processing and service personnel, equipment, hardware, software;
 - 4) Safety and security concerns to include legal requirements for storage, inspection, disclosure, and confidentiality of government records;
 - 5) Evaluate records storage, space, and alternatives;
 - 6) Make recommendations for staffing levels & needed data processing equipment;
 - 7) Determine if system-wide data processing functions are being duplicated by other departments, and if so, would it be practical and cost effective to consolidate these functions; and
- O) RISK MANAGEMENT ANALYSIS** - Conduct a risk management evaluation to include:
1. Compliance with contractor & employee insurance and bonding requirements;
 2. Adequacy of risk management programs, safety programs and insurance coverage;
 3. Cash management, fixed assets inventory, and investment practices;
 4. Fraud potential and vulnerabilities.
 5. Adequacy of undesignated fund balances;
 6. Appropriateness of out-of-budget cycle appropriations from undesignated reserve funds;
 7. Outstanding indebtedness and legal programs; and
 8. Benefits and cost savings of re-negotiation and re-financing options.
 9. Site safety and security
- 8) Project cost estimates for system-wide needs for the next five (5), ten (10), fifteen (15), and twenty (20) years.**

OUR INVITATION...

The more comprehensive the audit, the more dramatic the results.

We encourage the opportunity to speak with you in the days ahead to discuss your needs, and how our services can help your agency. Initial no-charge consultation. We guarantee our services.

INNOVATION SOLVING PUBLIC SECTOR PROBLEMS.

LOCAL OFFICES NATIONWIDE

REGISTERED OFFICE (UNITED STATES)

875 SOUTH ESTRELLA PARKWAY, #5038 GOODYEAR, AZ 85338

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WWW.MUNICIPALSOLUTIONS.ORG

ANCHORAGE ALBANY BILLINGS BURLINGTON DALLAS DENVER PHOENIX WEST PALM BEACH

Tina Turick

From: Larry Heiser
Sent: Thursday, November 15, 2018 9:22 AM
To: Martin S. Horwitz; Tina Turick
Cc: Michelle Kaplan
Attachments: Revenue 2019.xls; 2019 Department Budget 5 Pol full staff.xls; Capital 11 15.pdf

Mayor-

Here is what we are ready to move forward with after your approval.

I will update the Capital Projects - projections but leave in items not listed for 2019 for the following years.

Changes to operating budget Police : there was a \$40,000 software add on for Dispatch Recreation : \$10,000 added for fall fest and another \$10,000 added to revenue as those monies from NOPEC and Bank should come to us as revenue and then we pay the vendor

If you are okay with this we will forward to Alec – as a pdf.

We will also need a budget amendment for 2018 - currently just the OMNOVA TIF fund.

Larry

APPROVED

SIGNATURE

DATE 11/15/18

City of Beachwood
2019 Estimated Revenue Compared to Appropriations
General Fund
(Police at full staff)

Total Estimated 2019 General Fund Revenue	42,510,000
Total 2019 General Fund Appropriations Less Transfers	<u>40,470,200</u>
Revenue Over (Under) Expenditures	2,039,800
Transfer to Debt Service	<u>(2,000,000)</u>
Revenue Over (Under) Expenditures	39,800
 Transfer to Capital	 2,000,000
 Total General Fund Appropriations, Including Transfers	 44,470,200

City of Beachwood
General Fund
TOTAL APPROPRIATIONS

	Current YTD 2018 Appropriations	Proposed 2019 Appropriations	Difference	% Difference	
Council	230,600	157,100	(73,500)	-31.9%	Moved Beachwood Buzz to Mayor's office
Mayor's Office	664,400	651,000	(13,400)	-2.0%	
Economic Development	627,200	579,800	(47,400)	-7.6%	
Finance Department	3,483,900	3,225,400	(258,500)	-7.4%	Moved HR into new department
Human Resources		217,000			New Department, previously in Finance
Law Department	656,600	646,000	(10,600)	-1.6%	
Police Department	10,893,500	11,522,600	629,100	5.8%	Police at full staff, asst chief and 48 officers
Fire Department	8,160,400	8,512,000	351,600	4.3%	Increase in overtime, rescue squad
Service Dept	10,280,700	10,032,200	(248,500)	-2.4%	
Human Services	732,700	713,000	(19,700)	-2.7%	
Recreation Administration	1,423,100	1,458,500	35,400	2.5%	
Recreation Camps	536,700	549,300	12,600	2.3%	
Recreation Sports	81,200	81,800	600	0.7%	
Recreation Other	185,400	173,900	(11,500)	-6.2%	
Swimming Pool/ Parks	596,400	582,900	(13,500)	-2.3%	
Building Department	1,309,100	1,367,700	58,600	4.5%	
Total	39,861,900	40,470,200	608,300	1.5%	
Plus Transfer to Debt Service	2,000,000	2,000,000	-	0.0%	
Plus Transfer to Capital	2,000,000	2,000,000			
Grand Total	43,861,900	44,470,200	608,300	1.4%	

TRUE

2019 Capital Projects

Fund	Amount	Description
211	700,000	George Zeiger
211	<u>875,000</u>	Halburton - Phase 2
Total	1,575,000	
441	382,000	Campus Road Waterline project - Will be reimbursed
441	200,000	Asphalt & Concrete patching program
441	200,000	Camera project
441	900,000	Fire truck
441	675,000	Phase 1 of sidewalk project
441	500,000	Cedar Road bridge
441	200,000	Tear down of north end of Service center
441	100,000	Signage
441	<u>700,000</u>	Design fees for police department renovation
Total	3,857,000	
Grand Total	5,432,000	

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Mayor:

Below is my response to Council President Linick's inquiry regarding utilizing and thereby lowering the General Fund balance.

11/14/2018 Ratings information:

Spoke with Ben VanMetre (Moody's Analyst). Moody's policy is that they will not give specific guidance or make recommendations in between ratings. Information which is collected by an analyst for a ratings is reviewed in committee. Every committee meeting does a comparable analysis to the medians/ prior ratings/ relative changes. The City of Beachwood is not going to be told an exact General fund dollar amount which will cause us to lose the highest rating available. Mr. VanMetre did provide me with Moody's Local Government sector in depth paper which is attached.

I also spoke with Tim Reidy who works with Huntington National Bank and facilitated our bond sale last year. He provided me with the comparison sheet which is also attached. Mr. Reidy also confirmed that I would not be given any definitive direction from any rating agencies regarding changes in items such as fund balance. Both did relay that the City of Beachwood would be judged against our peers.

I have completed the attached spreadsheet which shows some comparisons of other Aaa rated cities. As is evident the results are varied.

My background with ratings: I am proud of the fact and had it on my resume getting the City of Bexley from an Aa2 to an Aa1, this was back in 2007 and it took a coordinated effort of City staff to accomplish which included a practice performance. Bexley could never achieve an Aaa rating due to fund balance, lack of businesses, and location in my opinion. I got to the Village of Johnstown in 2009 and they were unauditable and I worked with the Village Manager to get a rating as the Village had not been previously rated and they currently have maintained a A2.

I was comfortable last year as the City of Beachwood put together a coordinated presentation and practiced, we all had "assignments" and we in deed put together a team performance as we maintained our Aaa rating. I have heard more than one time that for a ratings call we are painting a picture.

It is my opinion that by lowering the City's fund balance by more than 15% will cause the city to lose the Aaa rating. I am not in favor of reducing our fund balance as it increases borrowing costs and in my professional opinion without an income tax increase the City would not be able to once again obtain the Aaa rating. Besides the debt issuance cost there are other factors to consider: currently Beachwood is in a position to withstand an economic down turn (which would most certainly decrease our General Fund balance) and Beachwood pays cash for items within the General Fund budget which are often in other Cities' capital budgets (gives us flexibility within the General Fund) .

Larry

	Hudson	Westlake	Westerville	Solon	Upper Arlington	Beachwood
Revenues	21,120,424	36,040,328	43,264,359	40,249,973	31,288,255	40,871,676
Expenditures	13,085,815	30,680,830	35,228,454	35,691,713	32,442,410	37,970,705
Transfers out	8,992,797	2,333,700	13,148,078	3,350,700	4,825,200	3,761,000
Total	22,078,612	33,014,530	48,376,532	39,042,413	37,267,610	41,731,705
Fund Balance	7,274,063	47,832,166	27,718,030	25,983,305	28,925,195	24,748,761
Debt	16,951,007	58,293,146	106,055,633	6,505,015	67,296,564	18,822,122
Tax Rate/Credit	2% / 100	1.5% / 100	2% / 100	2% / 100	2.5% / 100	2% / 100
Fund Balance						
1) Percentage relative to Expenditures and Transfers Out	33%	145%	57%	67%	78%	59%
2) Percentage relative to Revenue	34%	133%	64%	65%	92%	61%
Net Direct Debt/ Operating Revenues	0.80	1.62	2.45	0.16	2.15	0.46

Rating Category	Ohio and Cities' Medians by Category									
	Aaa	Aaa	Aa1	Aa2	Aa3	Aa1	Aa2	Aa3	A1	A1
# of Rated Issuers (Ohio Cities)	15	23	55	22	41	2017	2017	2017	2017	2017
Audited Financial Year										
Financial Data - Demographic Statistics										
Actual/Estimated Population	11,953	33,037	25,058	20,213	18,494	12,877				
Population 2000 Census	12,186	22,439	19,043	18,970	14,076	11,921				
Population 1990 Census	10,677	14,092	15,044	18,028	11,834	11,353				
Median Family Income (2010 Census)	108,431	106,168	87,065	71,446	62,493	50,611				
Median Family Income (2000 Census)	86,632	86,848	71,877	60,015	52,390	43,867				
Median Family Income (1990 Census)	64,125	58,825	46,636	41,315	35,040	31,856				
Median Family Income as % of State (2010 Census)	173.3	177.9	145.9	119.7	104.7	84.8				
Median Family Income as % of State (2000 Census)	173.1	173.6	143.6	119.9	104.7	87.7				
Median Family Income as % of State (1990 Census)	186.7	171.2	135.7	120.3	102.0	92.7				
Median Family Income as % of U.S. (2010 Census)	164.2	168.6	138.2	113.4	99.2	80.3				
Median Family Income as % of U.S. (2000 Census)	173.1	173.5	143.6	119.9	104.7	87.7				
Median Family Income as % of U.S. (1990 Census)	182.0	167.0	132.4	117.3	99.5	90.4				
Population Change 2000-2010 (%)	-1.9	2.0	1.8	2.7	3.0	1.5				
Population Change 1990-2000 (%)	14.1	15.4	11.1	9.2	8.0	-0.2				
Median Home Value (2010 Census)	300,900	292,800	198,250	157,800	130,350	112,000				
% Built Before 1939 (2010 Census)	4.0	4.0	4.8	10.5	14.9	23.2				
% Built Since Last Census (2010 Census)	2.5	8.8	9.9	9.6	7.8	7.4				
Financial Data - Tax Base Statistics and Ratios										
Total Full Value (\$000)	2,170,259	3,271,166	1,922,186	1,431,266	961,911	663,134				
Full Value Per Capita (\$)	181,569	126,039	87,779	61,683	53,076	50,589				
Average Annual Increase in Full Value (%)	-1.0	1.1	1.3	0.4	0.1	0.2				
Top Ten TaxPayers as % of Total	30.9	8.3	8.1	7.0	10.7	12.9				
Financial Data - Financial Statistics & Ratios										
Total General Fund Revenues (\$000)	41,031	36,872	16,362	18,526	12,359	9,346				
General Fund Balance as % of Revenues	73.4	101.8	85.8	53.1	48.2	40.7				
Total Operating Funds Revenues (\$000)	41,599	42,253	18,697	22,418	14,102	11,259				
Total Operating Fund Expenditures (\$000)	49,896	46,299	22,132	21,555	14,357	11,142				
Operating Funds Balance as % of Revenues	74.9	87.3	75.8	59.3	44.7	40.0				
Total General Fund Balance (\$000)	30,098	33,095	13,632	8,832	4,503	3,574				
Total Operating Fund Balance (\$000)	31,144	39,322	19,998	12,619	6,747	4,797				
Operating Net Cash as % of Operating Revenues	60.9	67.8	67.2	48.0	35.1	29.5				
General Net Cash as % of General Revenues	59.2	68.1	63.6	42.9	38.7	30.0				
Net Cash Balance (\$000)	25,345	30,550	17,903	10,393	5,948	4,339				
Unassigned Fund Balance (General Fund)	27,811	19,372	8,941	6,520	2,664	2,232				
Unrestricted, Spendable Fund Balance as % of Revenue (General Fund)	70.8	80.4	85.6	52.3	44.0	36.1				
Unassigned Fund Balance as % of Revenue (General Fund)	67.8	63.2	56.2	38.1	25.1	29.9				
5-Year Dollar Change in Fund Balance as % of Revenues	4.8	9.2	15.7	15.2	8.6	1.2				
5-Year Dollar Change in Cash Balance as % of Revenues	3.2	10.7	19.6	12.9	9.5	1.7				
Financial Data - Governmental Activities Statistics and Ratios										
Operating Revenues (\$000)	41,985	52,723	28,773	26,913	19,786	16,419				
Operating Expenses (\$000)	45,831	46,329	28,168	23,594	19,400	16,084				
Operating Surplus (Deficit) (\$000)	-3,846	846	-1,634	1,285	234	13				
Cash & Investments (\$000)	47,954	69,705	33,046	19,479	12,051	9,036				
Receivables (\$000)	18,325	24,066	12,772	10,500	6,099	4,988				
Total Current Assets (\$000)	66,279	88,362	46,282	30,356	19,763	14,393				
Net Current Assets (\$000)	62,283	81,864	43,617	27,432	17,780	13,706				
Capital Assets, Net of Depreciation (\$000)	90,715	161,939	83,417	59,289	46,085	26,543				
Long-Term Debt (Including Current Portion) (\$000)	23,960	35,963	19,059	11,126	8,137	5,811				
Net Pension Obligation (Including Current Portion) (\$000)	41,985	41,985	23,883	21,921	17,351	14,216				
Net Cash as % of Operating Revenues	114.2	135.0	102.8	75.9	74.7	55.9				
Long-Term Debt as % of Operating Revenues	57.1	76.5	64.9	42.7	40.4	41.0				
Estimated Average Age of Capital Assets, Years	16.0	14.5	15.1	16.0	16.3	16.1				
Estimated Useful Life of Capital Assets, Years	15.2	19.1	15.6	16.0	16.2	14.5				
Financial Data - Debt Statistics & Ratios										
Direct Net Debt Outstanding (\$000)	23,960	38,825	19,145	13,052	7,496	7,818				
Direct Net Debt as % of Full Value	1.1	1.2	0.8	1.0	0.7	1.0				
Debt Service as % of Operating Expenditures	5.1	13.1	5.8	5.6	4.4	5.9				
Payout, 10 Years, All Tax-Supported Debt (%), Current Value	64.4	75.5	80.6	81.8	90.0	76.5				
Net Direct Debt / Operating Revenues (x)	57.6	94.0	73.8	62.8	65.0	58.6				
Financial Data - Pension Statistics and Ratios										
Calculated Total Actuarial Requirements (\$000)	3,108	3,166	1,739	1,664	1,722	1,059				
Issuer Contribution (\$000)	3,080	3,149	1,726	1,721	1,783	1,156				
OP&B Contributions (\$000)	393	167	97	85	79	64				
Unfunded Liability (\$000)	41,985	42,764	23,313	23,084	18,746	14,185				
ANPL - Net of Support (\$000)	116,176	117,093	66,646	62,963	51,658	39,466				
Calculated Total Contributions (\$000) - net of support / Operating Rev (%)	7.4	7.5	6.6	8.2	9.0	10.0				
OP&B Contributions (\$000) / Operating Revenues (%)	0.9	0.4	0.3	0.4	0.5	0.5				
(ANPL - net of support) / Full Value (%)	5.4	3.0	2.9	4.5	5.0	6.1				
3-Year Avg of Moody's ANPL / Full Value	107,964	112,437	58,450	59,483	46,063	35,768				
3-Year Avg of Moody's ANPL / Operating Revenues (x)	5.0	2.8	2.9	4.2	4.7	5.8				
Tread Water - net of support	3,716	3,756	2,182	2,010	1,649	1,516				
Tread Water - net of support / Operating Revenues (%)	8.9	8.9	7.9	9.9	10.8	12.4				

concern areas