

BOROUGH OF POTTSTOWN

FINANCIAL ANALYSIS AND OPERATIONS REVIEW

June 2009



MANAGEMENT PARTNERS
INCORPORATED



MANAGEMENT PARTNERS

I N C O R P O R A T E D

June 5, 2009

Mr. Jason Bobst
Assistant Borough Manager
100 East High Street
Pottstown, PA 19464-9525

Dear Mr. Bobst:

Management Partners has appreciated the opportunity to work with the Borough through the Early Intervention Program (EIP). Our report contains recommendations for operational improvement and cost savings that will move the Borough towards long-term financial solvency when implemented.

Please remember that we are always available to answer questions regarding the report or to provide advice regarding implementation. It has been a pleasure to work with you and the rest of the EIP committee and we look forward to presenting the final report to the Borough Council on June 8.

Sincerely,

Gerald E. Newfarmer
President and CEO

TABLE OF CONTENTS

OVERVIEW	1
METHODOLOGY	5
FINANCIAL ANALYSIS	7
GENERAL FUND FINANCIAL FORECAST	7
GENERAL FUND REVENUE.....	9
FINES	16
GENERAL FUND EXPENSES	18
FIVE YEAR FORECAST WATER AND SEWER FUNDS	21
PARK AND RECREATION FUND FIVE YEAR FINANCIAL FORECAST.....	25
FIRE FUND.....	26
FINANCIAL ANALYSIS CONCLUSION.....	27
OPERATIONS REVIEW.....	29
CORPORATE ISSUES AND ADMINISTRATION.....	29
FINANCE DEPARTMENT	46
PUBLIC WORKS	51
CODE ENFORCEMENT	71
PARKS AND RECREATION	79
POLICE DEPARTMENT	88
FIRE PROTECTION	106
FINANCIAL IMPACT.....	109
CONCLUSION.....	111
ATTACHMENT A – SUMMARY OF RECOMMENDATIONS.....	113
ATTACHMENT B – SAMPLE PERFORMANCE MEASURES.....	121
ATTACHMENT C – FLEET MANAGEMENT PERFORMANCE MEASURES	125
ATTACHMENT D – FLEET MANAGEMENT INFORMATION REPORT.....	127
ATTACHMENT E – WORKLOAD BASED STAFFING METHODOLOGY – PATROL	129
ATTACHMENT F – WORKLOAD BASED STAFFING METHODOLOGY – INVESTIGATIONS.....	131

TABLES

Table 1: Borough and School District Taxes	1
Table 2: General Fund Financial Forecast 2010 - 2014	8
Table 3: Property Tax Rate Required to Balance General Fund Budget	8
Table 4: Property Tax Rate Required to Pay for an Annual 3% Wage Adjustment.....	9
Table 5: General Fund Revenue	9
Table 6: 2010-2014 General Fund Property Tax Projection	10
Table 7: 2010 – 2014 Local Enabling Taxes Projection	11
Table 8: Impact of Automatic Fee Adjustment Policy	12
Table 9: Estimated Miscellaneous Revenue 2010 – 2014.....	13
Table 10: Estimated Water Management Fee 2010 – 2014	14
Table 11: Estimated License Fee Income 2010 – 2014	15
Table 12: Estimated Fine Revenue 2010 – 2014	17
Table 13: Estimated Other Revenue 2010 – 2014	18
Table 14: Estimated General Fund Expenses 2010 – 2014	18
Table 15: General Fund Wage and Salary Forecast 2010 – 2014	19
Table 16: Estimated Health Insurance Cost 2010 – 2014	19
Table 17: Health Insurance Cost Sharing Example Based on 5% Employee Share	20
Table 18: Retirement, Unemployment and Workers' Compensation Projections.....	20
Table 19: Operating Expense Projections	21
Table 20: Water Fund Financial Forecast 2010 – 2014.....	22
Table 21: Sewer Fund Financial Forecast 2010 – 2014	22
Table 22: Water Rate Increase Required to Eliminate Deficit	22
Table 23: Sewer Rate Increase Required to Eliminate Deficit.....	22
Table 24: Estimated Water and Sewer Fund Energy Cost 2010 – 2014	23
Table 25: Park and Recreation Fund Financial Forecast 2010 – 2014.....	25
Table 26: Property Tax Rate Required to Balance Park and Recreation Fund Budget	25
Table 27: Fire Fund Financial Forecast 2010 – 2014	26

Table 28: Property Tax Rate Required to Balance Fire Fund Budget	26
Table 29: Project and Program Management Methodology	38
Table 30: Scope and Structure of the Management System	38
Table 31: Characteristics of Best Practice Training Programs	44
Table 32: Operations Funding by Source and Activity for FY2009	52
Table 33: Tabulation of 2008 Rental and Property Transfer Inspection Workload.....	77
Table 34: CEO Staffing Needs Analysis.....	78
Table 35: Example of Cost Recovery from Arlington County, Virginia	84
Table 36: Quantifiable Parks Maintenance Activities.....	86
Table 37: Pottstown Patrol Officer Availability	94
Table 38: Leave Conversion Calculations for Alternative Shift Schedules.....	95
Table 39: Patrol Officer Availability under Three Shift Alternatives	96
Table 40: Relief Factor Calculation for Alternative Shift Schedules	97
Table 41: Patrol Division Shift Schedule Comparison	97
Table 42: Summary of Police Department Fleet.....	102
Table 43: Patrol Vehicle Replacement Schedule	105
Table 44: Financial Impact of Recommendations on General Fund Financial Forecast	109
Table 45: Property Tax Increase Comparison	110
Table F-1: 2009 Labor Hours and Cases Assigned for Hypothetical Unit.....	131
Table F-2 : Projected Case Load Hours for Hypothetical Unit.....	132
Table F-3: Number of FTE Personnel Required by Case Type for Hypothetical Unit	132
Table F-4: Total FTE Investigative Personnel Needed for Hypothetical Unit.....	133

FIGURES

Figure 1: Borough Manager's Office Organizational Structure	29
Figure 2: Number of Grievances Filed – 1989 through 2008.....	31
Figure 3: Current Finance Department Organizational Structure	46
Figure 4: Current Organizational Structure.....	52
Figure 5: Pavement Condition and Potential Costs	57

Figure 6: Average Vehicle Age in Years by Department in Borough of Pottstown	62
Figure 7: Active Operations Vehicles Year of Purchase.....	63
Figure 8: Current Borough Authority Structure	67
Figure 9: Structure of the Proposed Department of Infrastructure Maintenance	69
Figure 10: Code Enforcement Department Organizational Structure	71
Figure 11: Current Parks and Recreation Organizational Structure	79
Figure 12: Pottstown Police Department Organizational Structure	90

OVERVIEW

The Borough of Pottstown is experiencing a period of economic contraction. Covering approximately 5.5 square miles, the Borough was historically developed around the steel industry. However, over the past several years, Pottstown has experienced a general economic decline, sharing the fate of many steel-centric local economies in Pennsylvania and West Virginia. Heavy industry is no longer a prevalent source of employment in Pottstown and the Borough is currently attempting to attract new light-industrial business and white-collar office jobs to the area.

The Borough's population has remained static over the last 17 years, dropping only slightly from 21,831 in 1990 to 21,348 in 2007. This is in contrast to a region whose population has grown by 10% in that same time period. Pottstown residents endure a local tax rate that is the second highest in Montgomery County. A breakdown of these Borough and School District taxes may be examined in Table 1.

TABLE 1: BOROUGH AND SCHOOL DISTRICT TAXES

Tax Fund	Millage
General Fund	5.189
Street Light	0.336
Parks and Recreation	0.794
Library	0.185
Fire	1.306
Debt Service	1.068
School District	34.735

The disparity in rates between the School District and Borough create a challenge for managers and policy makers of the Borough by making the option of raising property tax rates especially more difficult.

The process of developing the Fiscal Year (FY) 2009 budget was particularly painful for the Borough. Deep cuts in the operating budget required the elimination of 13 full-time employees. Due to the contract with the Association of Federal, State, County and Municipal Employees (AFSCME) Union, employees with greater seniority whose positions were eliminated were given the option to "bump" less senior union employees within the Borough. This has caused both emotional and functional stress to the organization.

As a result, the Borough is not only operating with limited resources, but the morale of the organization is low.

Given these stresses, the Borough of Pottstown applied for and received a grant for assistance from the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED) Early Intervention Program (EIP). With assistance from the EIP, Pottstown was able to fund a third-party study review of Borough finances and operations and develop a plan for long-term fiscal and organizational solvency.

Management Partners was chosen as the consultant for the project. As the consultant of choice, Management Partners was tasked with completing a full-scale review of each Borough department and developing a multi-year financial plan. Special emphasis was paid to the Borough's finances and the Finance Department as well as the Borough's operating departments.

Management Partners' financial analysis indicates that Pottstown relies heavily on property tax revenue to support much of its services. Given the bursting of the housing bubble, the five-year financial forecast indicates that assessed values will continue to decrease for the foreseeable future, resulting in a decrease in Borough revenue. Personnel-related costs represent approximately 83% of the Borough's expenses. As a result, one of the most substantial steps that the Borough can take to reduce expenditures and control its budget is to gain control over personnel costs. This will be necessary if the Borough hopes to avoid further increases in property taxes.

The Finance Department has experienced inconsistent leadership over the past several years, which has exacerbated the Borough's financial and budgetary problems. While great strides have been taken over the past year to implement financial management and administration best practices, this report contains a number of recommendations designed to improve processes and elevate the performance of the department.

The trying fiscal environment and a lack of investment in both infrastructure and employee development has resulted in crumbling infrastructure and employees who lack the skills necessary to perform at a high level. This trend is an especially trying liability when personnel resources are stretched. As such, Management Partners has offered a number of recommendations that focus on investment in both physical infrastructure and personnel.

Management Partners has also made a number of staffing and organizational structure recommendations to help improve the effectiveness and efficiency of the Borough, the most important of which is to merge the Borough Public Works Department with the Pottstown Authority. This will eliminate artificial divisions between Public Works labor units, consolidate labor pools, and allow for a more robust and strategic approach to infrastructure maintenance and replacement.

Borough leadership has shown prudence in recognizing that now is the time to work toward improving Borough operations and placing the Borough on sound financial footing. The EIP of Pennsylvania's DCED has provided the means for Pottstown to assess its current position, look into the future, and develop a plan to put the Borough on a path toward organizational and financial stability.

A summary of recommendations is included in this report as Attachment A.

METHODOLOGY

Management Partners has applied a multi-faceted approach to the project that included two primary activities: 1) a review of Borough finances and; 2) a review of Pottstown municipal operations.

The first activity completed by Management Partners was to conduct a financial analysis to assess financial trends and the current financial condition of the Borough's General and Enterprise Fund budgets.

A detailed examination of revenue and expense history, as well as consideration of the current economic climate, informed the financial trend analysis. That analysis was used as a basis for projecting the Borough's financial condition from 2010 through 2014. Known financial adjustments that have an impact on the trend were factored into the projection. Likewise, the impact of approved labor agreements on future year salary and benefit costs was integrated into the financial analysis. The resulting five-year financial analysis was reviewed with Borough senior staff and verified.

Management Partners also developed a General Fund forecasting model based on the financial analysis so that Pottstown might implement a multi-year financial plan and update the plan each year in the future. The financial model is provided in an electronic format under separate cover.

Additionally, Management Partners conducted an operations review of the Borough's departments, including Police, Fire, Parks and Recreation, Finance, Code Enforcement, Public Works, and Administration. This phase of the project began with interviews of various Borough-elected officials, administrators, and current operations personnel.

In addition, a thorough review of all documentation relating to these departments was conducted. This included analyzing budgets, enabling legislation, contracts for professional services, as well as workload and performance-related measures where they were applicable and available. These steps allowed Management Partners to develop a clear understanding of current operations, service levels, use of technology, and other matters impacting the effectiveness and efficiency of the targeted functions and organizational units.

During this diagnostic stage, focus was placed on the programs and services of each organizational unit and the business processes used by the Borough of Pottstown. Careful attention was also given to the way in

which work is planned, managed, and executed by individual departments and division staff.

After the investigation and data gathering activities were completed, operations were analyzed and changes identified for improving service quality. Management Partners reviewed work processes and made recommendations for changing the organizational structure to improve effectiveness and efficiency. Comparison of current service quality levels for the Borough's programs was made against best practices in the industry and those with significant potential for improvement were identified.

The operations review included interviews with key staff in each operating agency. Operations data, when available, was analyzed in order to gain insight into service demand. Recommendations for modifications to policies, practices, staffing and organizational structure were prepared for each operating department and are included in this report.

FINANCIAL ANALYSIS

General Fund Financial Forecast

General Fund revenue for 2009 is expected to decrease by \$566,000 compared to 2008 revenue. This equates to a 5.66% reduction in income. In the face of declining resources, Pottstown enacted a number of budget reductions and the police labor union agreed to forego scheduled wage increases in exchange for preserving jobs. These actions allowed Pottstown to adopt a balanced General Fund budget for 2009. In the next five year period, the scenario of reduced resources is likely to be repeated.

The assessed value for property tax purposes decreased by approximately 0.6% from 2008 to 2009; given the continuing negative outlook for housing market performance in the immediate future, the likelihood of continued contraction of the assessed value of real property should be expected to continue. The financial projection assumes an annual reduction in assessed value of 0.5%. In addition, two significant revenue sources for 2009 – the waste management agreement and the grant for police on patrol – will disappear for 2010 and beyond, reducing income by another \$377,000, nearly 4% of the 2009 General Fund revenue. Other General Fund revenue sources are expected to be stagnant at best, reflecting 2009 budget levels over the next five years.

While revenue sources are expected to be negatively impacted over the course of the financial forecast, costs will experience some increases. Salary and benefits costs, which comprise nearly 83% of General Fund expenses will continue to increase. Labor agreements that have already been executed for 2010 call for pay rate increases of 3.5% to 4%. Contributions to retirement costs average between 10% and 15% of payroll costs, so as payroll increases so also does the required contribution for pensions. Medical care costs are expected to increase an average of 6% a year. The impact of inflation on operating costs such as supplies and utilities is expected to increase by 3%, the Federal Reserve Board's historic target for price stability.

The scenario described above has been factored into a "base case" five-year financial projection that is displayed in Table 2.

TABLE 2: GENERAL FUND FINANCIAL FORECAST 2010 - 2014

	2010	2011	2012	2013	2014
Revenue	\$9,041,229	\$9,028,500	\$9,016,170	\$9,004,248	\$8,992,746
Expenses	\$9,682,661	\$9,828,658	\$9,982,011	\$10,143,120	\$10,312,407
Surplus/(Deficit)	(\$641,432)	(\$800,158)	(\$965,841)	(\$1,138,872)	(\$1,319,661)
Cumulative	(\$576,204)*	(\$1,376,362)	(\$2,342,204)	(\$3,481,076)	(\$4,800,737)

*The adopted 2009 General Fund budget anticipates an approximate \$65,000 budget surplus at year's end.

The base case financial analysis projects a cumulative deficit of \$4,800,000 over the next five years. The forecast assumes that there is no increase in the property tax rate over the life of the forecast. On the expense side, the increase cost of wage adjustments based on already approved labor contracts has been factored into the 2010 financial forecast and the impact of those increases carry through for the years 2011 through 2014. However, since there are no agreed upon wage increases beyond 2010, the impact of any increase beyond that year are not factored into the forecast. Each 1% wage adjustment is estimated to cost \$63,000 in salary and benefits expense. An average annual 3% wage adjustment for the years 2011 through 2014 would increase the cumulative projected deficit in the General Fund by an additional \$2,000,000.

Pottstown receives approximately 70% of its General Fund revenue from taxes, with 44% of that source coming from real property taxes. Local enabling taxes, such as the Earned Income Tax, are levied at the maximum rate allowed by Pennsylvania law. The property tax rate for 2009 is approximately \$5.20 per thousand dollars of assessed value, meaning that \$520 would be due on a home valued at \$100,000.

If property taxes were increased to balance the budget as forecast in the base case scenario, the tax rate would change as shown in Table 3.

TABLE 3: PROPERTY TAX RATE REQUIRED TO BALANCE GENERAL FUND BUDGET

	2010	2011	2012	2013	2014
Base case deficit	(\$641,432)	(\$800,158)	(\$965,841)	(\$1,138,872)	(\$1,319,661)
Base case property tax rate	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20
Revised deficit based on prior year rate increase	NA	(\$223,954)	(\$741,888)	(\$396,984)	(\$922,627)
Property tax rate required to eliminate deficit	\$6.04	\$6.33	\$7.32	\$7.84	\$9.08
Millage rate increase from prior year	\$0.84	\$0.29	\$0.99	\$0.52	\$1.24
% rate increase	16.2%	4.88%	15.51%	7.22%	15.8%

Table 3 indicates that to eliminate the base case forecast deficit, property tax rates would have to be increased from the current rate of \$5.20 to

\$9.08 in 2014, an increase of approximately 75%. This scenario does not include any provision for wage adjustments.

Table 4 provides an estimate of the impact on property taxes to provide an annual 3% wage adjustment in the years 2011 through 2014.

TABLE 4: PROPERTY TAX RATE REQUIRED TO PAY FOR AN ANNUAL 3% WAGE ADJUSTMENT

	2011	2012	2013	2014
Incremental cost of 3% wage adjustment	\$189,000	\$207,000	\$224,600	\$244,627
Each \$0.01 of property tax equals	\$7,592	\$7,554	\$7,516	\$7,479
Millage rate required to cover cost of wage adjustment	\$0.25	\$0.28	\$0.30	\$0.33
Cumulative millage adjustment	\$0.25	\$0.53	\$0.83	\$1.16

The analysis above shows that providing an annual 3% wage adjustment during the period of the forecast would require \$1.16 of additional property tax rate.

General Fund Revenue

General Fund revenue resources for 2009 are distributed as shown in Table 5.

TABLE 5: GENERAL FUND REVENUE

Revenue Source	2008	2009	% of Total	% Change from Previous Year
Total Revenue	\$10,021,418	\$9,454,266	NA	-5.66%
Real Property Tax	\$4,957,495	\$4,135,298	44%	-16.58%
Local Enabling Taxes	\$2,142,560	\$2,493,000	26%	16.36%
Licenses	\$368,305	\$359,625	4%	-2.36%
Non-business Licenses	\$4,000	\$4,000	>1%	0.00%
Fines	\$212,750	\$201,250	2%	-5.41%
Interest Earnings	\$37,500	\$0	0%	-100.00%
Rent Royalties	\$61,100	\$52,750	>1%	-13.67%
State Grants	\$200,000	\$200,000	2%	0.00%
State Shared Revenue	\$553,259	\$521,569	6%	-5.73%
General Government	\$142,014	\$91,413	1%	-35.63%
Public Safety	\$734,615	\$796,165	8%	8.38%
Highways and Streets	\$3,500	\$5,540	>1%	58.29%
Health	\$5,000	\$4,000	>1%	-20.00%
Miscellaneous	\$498,070	\$563,728	6%	13.18%
Contributions	\$1,250	\$550	>1%	-56.00%
Restitutions	\$500	\$300	>1%	-40.00%
Sale of Fixed Assets	\$2,500	\$2,000	>1%	-20.00%
Interfund Transfers	\$97,000	\$23,078	>1%	-76.21%

Property Taxes

Property taxes account for \$4,135,298 of the current year budget, approximately 44% of the total General Fund revenue. The current property tax rate is approximately \$5.20 per thousand dollars of assessed value. The effective collection rate is estimated by Borough staff at 93%. The 2009 assessed value for the Borough of Pottstown is \$824,565,202. The assessed value for 2009 is approximately 0.6% less than the 2008 assessed value of \$829,408,182.

The projected property tax revenue for Pottstown is based on the decline in assessed value between 2008 and 2009. The selected forecast factor of an annual decrease of one-half of one percent in assessed value reflects the estimates that housing values will not begin to turn around for several years. The selected forecast factor will require close monitoring by Borough staff in the future. Most housing markets are experiencing losses well in excess of the factor used in the forecast. The housing market decline began in late 2007 and accelerated in 2008. Given the lag time that is normally experienced in assessed values adjusting to market conditions, it is possible that assessed values for 2010 and beyond will decline more precipitously than forecast. Many jurisdictions are beginning to experience a higher than historic norms rate of taxpayer appeals of assessed values. Borough staff would be prudent to stay in close touch with the County’s assessment office to determine if appeals of assessed values are on the rise.

Table 6 shows the projection for property tax based revenue to the General Fund.

TABLE 6: 2010-2014 GENERAL FUND PROPERTY TAX PROJECTION

	2010	2011	2012	2013	2014
Assessed Value	\$820,442,376	\$816,340,164	\$812,258,463	\$808,197,170.97	\$804,156,185
Tax Rate	\$5.20	\$5.20	\$5.20	\$5.20	\$5.20
Revenue	\$3,966,156	\$3,946,325	\$3,926,594	\$3,906,961	\$3,887,426

Pottstown’s tax rate is well below the ceiling established by Pennsylvania law for a borough of its size. Since the assessed value is expected to continue to decrease, any growth in this source of revenue would have to come from an increase in the rate.

Local Enabling Taxes

Local enabling taxes account for approximately 26% of General Fund revenue for 2009.

The real estate transfer tax rate is 1% of the sale price of real property and is levied at the maximum allowed by law. The current year estimate of \$255,000 has been adjusted by 55% downward to reflect the lower turnover rate and reduced values in the housing market. The forecast for this revenue source assumes that the real estate market will remain slow over the next five years with income stagnant at the 2009 level.

The earned income tax is levied on the income of Borough residents at a rate of 1%. The current year estimate of income is \$1,800,000. This source of income will also be negatively impacted by the general economic recession and increasing unemployment. The forecast has taken a middle-of-the-road approach by estimating that income from this source will remain the same over the period of the projection. While inflationary wage adjustments may still be likely to occur for Pottstown residents, offsetting actions that are being seen in the marketplace, such as furloughs and downsizing, are more than likely to counterbalance any upward trend of inflation on this revenue source.

The local services tax charges \$52 per person who is working in the Borough and making more than \$12,000 a year. It is legislatively mandated that of this \$52 charge, \$47 is allocated to the Borough's General Fund, while the remaining five dollars is allocated to the School District. This tax is levied at the maximum rate allowed by law. Growth in this tax source would be a function of any growth in the Pottstown employment base in jobs paying more than \$12,000 a year. Borough staff did not feel that there are any foreseeable events that would generate an increase in Pottstown-based employment. The Wal-Mart store is planning a sizeable expansion but the number of new full-time jobs generated could be expected to be offset by the impact of the recession on current Pottstown businesses. Based on interviews with staff, the forecast assumes that this revenue source will also be stagnant over the period of the projection.

The forecast for local enabling tax sources is shown in Table 7.

TABLE 7: 2010 – 2014 LOCAL ENABLING TAXES PROJECTION

	2010	2011	2012	2013	2014
Real Estate Transfer Tax	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
Earned Income Tax	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Local Services Tax (EMST)	\$430,000	\$430,000	\$430,000	\$430,000	\$430,000
Per Capital Tax	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
Total Local Enabling Taxes	\$2,493,000	\$2,493,000	\$2,493,000	\$2,493,000	\$2,493,000

Public Safety Fees

At an estimated current year level of \$796,165, public safety fees are the third largest revenue source for the Borough and account for approximately 8% of General Fund revenue.

There are several substantial items in this pool of fees, the largest of which is for building permits. Building permits are expected to generate \$350,000 in 2009. Two large sources of revenue are fees for occupancy inspections (\$75,000) and property transfer inspections (\$75,000).

Charges for various police services account for \$251,765 in the 2009 budget. Services include the items shown below:

- Dispatching service \$20,000
- Cell charges \$35,000
- Live Scan fees \$25,000
- School crossing guards \$77,765
- School resource officers \$78,000
- Other police service \$16,000

A number of other miscellaneous fees account for the balance of income from public safety fees.

The base case scenario assumes that there will be neither growth nor shrinkage in these revenue sources in terms of volume or contractual arrangements. The base case also assumes that the unit prices for these sources will remain constant over the life of the projection. However, some sources such as the cost of school crossing guards and school resource offices are automatically adjusted based on a formula agreed upon with the School District. This model for automatic adjustments can be applied to all other revenue items in this group as well. The Borough could adopt a policy of automatically adjusting these fees annually based on the increased cost of providing service. The impact of such a policy is demonstrated in Table 8.

TABLE 8: IMPACT OF AUTOMATIC FEE ADJUSTMENT POLICY

	2010	2011	2012	2013	2014
Projected base case fee revenue	\$752,319	\$752,319	\$752,319	\$752,319	\$752,319
Incremental revenue based on 3% annual adjustment	\$22,500	\$23,250	\$23,950	\$24,650	\$25,400
Equivalent property tax millage	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Cumulative equivalent property tax millage	\$0.03	\$0.06	\$0.09	\$0.12	\$0.15

The table demonstrates that by adopting a policy of adjusting fee sources to reflect increases in cost of service, assuming a 3% increase in such cost, over the life of the forecast, a 15 cent property tax rate increase could be avoided.

Recommendation 1: Adopt a policy of automatically adjusting public safety fees annually to reflect the increased cost of providing service.

State Shared Revenue

The 2009 General Fund budget includes \$521,569 in anticipated revenue from the state, approximately 6% of total revenue. Of the total amount of revenue, \$506,169 is for aid for the Borough's employee pension cost. Pension aid revenue is based on a formula established by the legislature and could be subject to change. The financial forecast assumes that the pension aid formula will continue as currently determined into the foreseeable future. Thus, the projection continues the 2009 budget estimate of \$521,569 for the years 2010 through 2014.

The other two line items in this revenue category are for the local share of alcoholic beverage licenses (\$6,400) and public utility realty taxes (\$9,000). Borough staff feel there is no reason to believe that there will be dramatic changes in the amounts that would be forthcoming from the state from these sources. Neither the number of alcoholic beverage licenses nor the cost of a license, which is established by state law, is likely to change. In addition, the formula for state assistance for public utility realty tax payments is expected to remain constant. Based on these likelihoods, the financial forecast estimates that the current year budget amounts will remain the same for the period of the forecast.

Miscellaneous Revenue

The miscellaneous category of General Fund revenue consists of nine line items and comprises \$563,728 (6%) of total 2009 budgeted revenue. The financial forecast for this revenue category is shown in Table 9.

TABLE 9: ESTIMATED MISCELLANEOUS REVENUE 2010 – 2014

	2010	2011	2012	2013	2014
Pay Telephone Commissions	\$200	\$200	\$200	\$200	\$200
Miscellaneous Income	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Tax Certifications	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Water Management Fee	\$377,506	\$383,902	\$390,541	\$397,431	\$404,582
Property Deed Transfer Register	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Bulk Pick Up Stickers (\$15)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Bulk Pick Up Stickers (\$25)	\$750	\$750	\$750	\$750	\$750
Insurance Reimbursement	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Total Miscellaneous Revenue	\$415,956	\$422,352	\$428,991	\$435,881	\$443,032

General Fund Reserve Policy

As a result of the Borough's prior financial problems, the General Fund reserves have been steadily depleted to cover Borough operating expenses. This is to be expected. In fact, the Borough's experience is a clear example of the value of maintaining reserves.

While it has been common practice in the Borough to develop reserves when possible, there is no formal reserve policy. The best financial practice is to maintain 10% of the general fund budget in reserves. The recommendations contained in this report, along with the financial

modeling tool developed with the Borough, will help the Borough achieve this goal; but it will be important for the Borough to incorporate a reserve policy into its budget and financial planning processes.

Recommendation 2: Incorporate a General Fund reserve balance target of 10% of the General Fund budget into the Boroughs budget and financial planning processes.

It is not only important to maintain a formal General Fund reserve policy, but to maintain a family of formalized financial policies to guide the financial management of the Borough. The City of Rye, New York has developed a best practice series of financial policies, which are informed by the Government Finance Officer's Association's (GFOA) recommended practices. The Rye, New York Comprehensive Financial Policy Document, which is included as Appendix 1, will serve as an informative example as the Borough develops it's own comprehensive financial policies.

Water Management Fee

The single biggest item in this category is the fee the Borough's General Fund receives for providing management and administrative support to the Water Fund. The water management fee calculation is established by policy at 6.1% of specifically identified expenses in the General Fund and Water Fund. The financial forecast applies the formula that has been established by policy to the projected relevant expense items of the forecast to estimate the amount of revenue that would be received from this source. The forecast amounts are shown in Table 10.

TABLE 10: ESTIMATED WATER MANAGEMENT FEE 2010 – 2014

	2010	2011	2012	2013	2014
Estimated Water Management Fee Revenue	\$377,506	\$383,902	\$390,541	\$397,431	\$404,582

The practice of assessing a management fee to enterprise funds is one that is well-established in the local government industry. The practice may be called different names in different jurisdictions, such as General Fund overhead charge or indirect cost allocation plan, but has the identical basis. Enterprise funds, such as the Borough's Water Fund, receive support services from General Fund staff, including the Finance Department, Human Resources and others. So it is appropriate, and indeed a best practice, to charge the Enterprise Fund for services that are being provided.

Borough staff were not able to provide an empirically-derived methodology for how the percentage is established. However, the rate falls within a generally accepted rule-of-thumb that stipulates administrative/overhead cost should not exceed 7% of total cost.

Waste Management Agreement

The 2009 General Fund budget includes \$177,000 of income from Waste Management Inc. as a landfill closing fee. That income source will not continue beyond 2009 and has been eliminated for the time-frame covered by the forecast.

Other Miscellaneous Revenue Items

The remaining miscellaneous revenue items are expected to remain stable at 2009 budgeted levels over the life of the financial forecast.

License Revenue

The Borough, under color of state law, regulates a number of activities and occupations, and issues licenses for the same. Examples of licensed activities and occupations include alarm installations, contractors, master electricians, and amusements. Pennsylvania law establishes the maximum allowable license fee. The Borough conducts an annual survey of local governments in the area to determine what rate to set within the maximum allowable by law.

The current year budget includes \$359,265 for license revenue, approximately 4% of the total estimated General Fund revenue. The single largest item in this category is commissions received from Comcast cable television, totaling \$275,400.

The forecast for this revenue category assumes that rates will not be increased and license volume will remain constant over the life of the forecast. The financial forecast is shown in Table 11.

TABLE 11: ESTIMATED LICENSE FEE INCOME 2010 – 2014

	2010	2011	2012	2013	2014
Junk Yard	\$75	\$75	\$75	\$75	\$75
Business	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Contractor	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000
Coin Vending Machine	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Alarm Installation	\$500	\$500	\$500	\$500	\$500
Master Plumber	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Journeyman Plumber	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Apprentice Plumber	\$200	\$200	\$200	\$200	\$200
Master Electrician	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
Journeyman Electrician	\$300	\$300	\$300	\$300	\$300
Apprentice Electrician	\$100	\$100	\$100	\$100	\$100
Oil Burner	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Public Garage	\$150	\$150	\$150	\$150	\$150
Towing	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Refrigeration	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Bottled Gas	\$250	\$250	\$250	\$250	\$250
Amusement	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Music	\$350	\$350	\$350	\$350	\$350
Vendor Distribution	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Comcast Cable	\$275,400	\$275,400	\$275,400	\$275,400	\$275,400

	2010	2011	2012	2013	2014
Commissions					
Curb and Sidewalk Permits	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total License Fees	\$359,625	\$359,625	\$359,625	\$359,625	\$359,625

The recommended policy regarding licensing fee setting is that the fee should relate to the cost of issuance and regulatory activity. Most jurisdictions do not have the cost accounting systems in place to establish cost of issuance and regulatory activity with precision. Such is the case with Pottstown. In lieu of establishing fees by cost accounting, the Borough uses an annual survey of area jurisdictions. While this method is certainly justifiable, there is an alternative method that should be considered. A rational alternative would be to begin with the current base fee rates and then adjust them annually based on projected increases in overall Borough General Fund costs. For example, if overall General Fund costs are projected to increase 5% in a given budget cycle, then individual license fees would be adjusted by an equal amount. Adjustments could be considered for ease of administration. For example, if financial forecasts indicate that costs are going up at the rate of 2.5% a year in the next two years, the jurisdiction may make a single 5% adjustment to cover the two-year period rather than two 2.5% adjustments. A survey of area jurisdictions as the basis for rates is unrelated to the Borough's cost of doing business and the Borough's cost of doing business is the factor that should drive licensing rate setting.

Recommendation 3: Adopt a policy of adjusting licensing fees based on the Borough's projection of the cost of doing business.

State Grants

The 2009 General Fund budget includes \$200,000 for the Police on Patrol Grant. The grant funding for this program ends in 2009 and this revenue item is not included beyond the current year in the financial forecast. Although the grant funding disappears in the future, the Borough is obliged by the terms of the grant to continue to fund the additional officers originally funded by the grant for another three years. The cost of those positions has been included on the expense side of the financial forecast.

Fines

The Borough receives revenue from fines levied by county and district courts for violations of the traffic code and other codes; payouts for traffic citations issued by the state police within Pottstown; and parking citations issued by the Pottstown Police Department. Fine structures for traffic and other code violations, as well as for state police citations, are established by state law. Parking citation costs are established by the Borough within parameters set by state law. The 2009 General Fund budget includes an estimate of \$201,250 for revenue from these sources, of which \$80,000 is

attributed to parking citations. Income from fines accounts for 2% of the current year budget.

The Borough has direct control, within the maximum set by state law, over the fines levied for parking enforcement within Pottstown. Parking restrictions are usually established to accomplish one of two objectives. One objective for restricting parking is for the safety of persons and vehicles. An example of this type of restriction is limiting parking within a given distance from an intersection or crosswalk. The second type of parking restriction is that which attempts to promote parking turnover where it is desirable, such as a neighborhood business district. As with the licensing fee structure, the fine structure should also account for cost of enforcement. An example of this type of restriction is to limit parking to one hour in designated districts. The fine structure for parking violations should be established so that it is an effective deterrent and so that the cost of enforcement is covered. With this in mind, it is a good practice to review the parking fine structure each year as an element of budget preparation to determine whether the fine structure conforms to these two principles. Similar to the licensing fee structure, as total General Fund expenses increase, parking fine rates should be reviewed to determine the appropriateness of increasing those rates to stay current with the increased cost of enforcement.

Recommendation 4: Review parking fines structure each year in order to relate the cost of enforcement to changes in overall General Fund operating cost.

Interviews with staff and analysis of the current year budget estimates for fine income indicate that the most realistic basis for projecting revenue from this source is to assume that fine structures and volumes will remain constant at current levels. The financial forecast for fine revenue is shown in Table 12.

TABLE 12: ESTIMATED FINE REVENUE 2010 – 2014

	2010	2011	2012	2013	2014
Court	\$750	\$750	\$750	\$750	\$750
Palladino District Court	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000
Durkin District Court	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Montgomery County Court	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
District Court 38-1-19	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Parking Tickets	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
State Police Fines and Penalties	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Codes District Fines	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Total Fines	\$201,250	\$201,250	\$201,250	\$201,250	\$201,250

Other Revenue

Revenue categories not listed above include: Non-business licenses; Interest Earnings; Rent Royalties; Highways and Streets; Health; Contributions; Restitutions; Sale of Fixed Assets; Interfund Transfers.

The 2009 General Fund budget includes \$92,218 for revenue from these sources – less than 1% of projected total revenue. The single largest revenue item in this group is \$50,000 for rent royalties charged to the Water and Sewer funds for office space.

The Borough should adopt a policy similar to that recommended for licenses and fines regarding rent royalties. As overall cost of operations increases, the charges for rent to the Water and Sewer funds should be reviewed to assure that increased costs are being recovered.

Recommendation 5: Adopt a policy of adjusting rental fees based on the Borough’s projection of the cost of doing business.

Analysis and interviews with staff indicate that there are no significant adjustments anticipated in any of the revenue items included in this group for the foreseeable future. The financial forecast continues the current year budget estimate for these sources through the term of the forecast. The financial forecast is shown in Table 13.

TABLE 13: ESTIMATED OTHER REVENUE 2010 – 2014

	2010	2011	2012	2013	2014
Non-business licenses	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Interest earnings	\$0	\$0	\$0	\$0	\$0
Rent royalties	\$52,750	\$52,750	\$52,750	\$52,750	\$52,750
Highways and Streets	\$5,540	\$5,540	\$5,540	\$5,540	\$5,540
Health	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Contributions	\$550	\$550	\$550	\$550	\$550
Restitutions	\$300	\$300	\$300	\$300	\$300
Sale of Fixed Assets	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Interfund Transfers	\$23,078	\$23,078	\$23,078	\$23,078	\$23,078
Total	\$92,218	\$92,218	\$92,218	\$92,218	\$92,218

General Fund Expenses

Borough expenses fall into a number of categories that have been individually analyzed in order to project future year costs. General Fund estimated expenses by type are shown in Table 14.

TABLE 14: ESTIMATED GENERAL FUND EXPENSES 2010 – 2014

	2010	2011	2012	2013	2014
Salaries	\$5,132,235	\$5,132,235	\$5,132,235	\$5,132,235	\$5,132,235
FICA	\$189,119	\$189,119	\$189,119	\$189,119	\$189,119
Benefits	\$2,685,623	\$2,784,840	\$2,890,010	\$3,001,490	\$3,119,659
Total personnel related cost	\$8,006,977	\$8,106,194	\$8,211,364	\$8,322,844	\$8,441,013
Operating Expense	\$1,675,683	\$1,722,463	\$1,770,647	\$1,820,276	\$1,871,394
Total Expense	\$9,682,660	\$9,828,657	\$9,982,011	\$10,143,120	\$10,312,407

Wages and Salaries

The 2009 General Fund allocation for wages and salaries is \$5,011,965. The methodology used to project wage and salary cost is to include amounts in the projection for any labor agreements that have already been approved. In 2010, police personnel are due to receive a 3.5% increase while civilian personnel will receive a 4% wage adjustment. There are no adjustments to wage and salary levels that have been bargained and approved beyond 2010. The forecast for General Fund wage and salary adjustments is shown in Table 15.

TABLE 15: GENERAL FUND WAGE AND SALARY FORECAST 2010 – 2014

	2010	2011	2012	2013	2014
Police Wages	\$3,513,026	\$3,513,026	\$3,513,026	\$3,513,026	\$3,513,026
Civilian Wages	\$1,614,609	\$1,614,609	\$1,614,609	\$1,614,609	\$1,614,609
Total Wages	\$5,127,635	\$5,127,635	\$5,127,635	\$5,127,635	\$5,127,635

Benefits

Benefits costs include health insurance, contributions to pension and retirement, workers' compensation insurance, and unemployment insurance. The 2009 General Fund budget for benefits totals \$1,967,411.

Health Insurance

Information provided by staff indicates that health insurance costs are expected to increase by an average of 6% a year over the next five years. The forecast for health insurance cost is shown in Table 16.

TABLE 16: ESTIMATED HEALTH INSURANCE COST 2010 – 2014

	2010	2011	2012	2013	2014
Health Insurance Premium	\$1,653,616	\$1,752,833	\$1,858,003	\$1,969,483	\$2,087,652

The estimated cost for health insurance increases by nearly \$435,000 over the next five years. Currently, labor agreements require employees to pay a fixed monthly payment as a share of the increased cost of health insurance. While that is a sound practice that has become increasingly prevalent in local government, the methodology for determining the employee share should be modified. Instead of having a monthly payment expressed in a fixed dollar amount, Pottstown should negotiate an agreement whereby the employee share would be fixed at a percentage of the cost of health insurance. That method would assure that as premiums increase, the employee share would also increase at a proportionate rate. As currently configured, the Borough would have to negotiate a new dollar amount rate with each new agreement in order for employees to bear a proportionate share of increases in health insurance premium cost. For example, if the employee share of health insurance premiums is set at 5%, Table 17 shows how the increased premium cost would be shared between the Borough and its employees.

TABLE 17: HEALTH INSURANCE COST SHARING EXAMPLE BASED ON 5% EMPLOYEE SHARE

	2010	2011	2012	2013	2014
Total estimated premium	\$1,653,616	\$1,752,833	\$1,858,003	\$1,969,483	\$2,087,652
Borough share	\$1,570,935	\$1,665,191	\$1,765,102	\$1,871,008	\$1,983,269
Employee share	\$82,681	\$87,461	\$92,900	\$98,474	\$104,383
Borough share increase from previous year	NA	\$94,256	\$99,911	\$105,906	\$112,261
Employee share increase from previous year	NA	\$4,780	\$5,439	\$5,574	\$5,909

In the example illustrated in the table above, nearly \$22,000 of the increased cost of health insurance would be shared with employees rather than borne totally by the Borough.

Recommendation 6: Negotiate a health insurance cost sharing formula with employees based on percentage of total premium cost.

Retirement, Unemployment and Workers' Compensation

The 2009 General Fund Budget includes a total of \$387,396 for these cost items. The financial forecast for these line items is based on payroll costs. Retirement contribution for 2009 is 15.39% of payroll, unemployment is 5.48% and workers' compensation is 3.08%. Police retirement cost to the Borough is 10.1%, however the Borough does not actually incur this expense because State Aid covers 100% of the Act 600 Plan. These factors could change in the future based on actuarial calculations for retirement contributions and insurance pool experience for unemployment and workers compensation. Since there is no information currently available to suggest what change, if any, in these rates might be, the financial forecast applies the 2009 rates to the estimated future year payroll costs. Table 18 displays the projection for these line items.

TABLE 18: RETIREMENT, UNEMPLOYMENT AND WORKERS' COMPENSATION PROJECTIONS

	2010	2011	2012	2013	2014
Civilian Retirement	\$248,440	\$248,440	\$248,440	\$248,440	\$248,440
Unemployment	\$88,504	\$88,504	\$88,504	\$88,504	\$88,504
Workers' Compensation	\$49,704	\$49,704	\$49,704	\$49,704	\$49,704
Total	\$386,648	\$386,648	\$386,648	\$386,648	\$386,648

Operating Expenses

Operating expenses include the non-wage budgets for each operating department and includes such items as supplies, gasoline, utility costs and others. The methodology for estimating future year costs for these items is to use the target established by the Federal Reserve System for

price stabilization. Historically that target has been 3% a year. The 2009 General Fund Budget includes \$1,662,766 for Borough operating expenses. Applying the 3% target figure to that total results in the financial forecast shown in Table 19.

TABLE 19: OPERATING EXPENSE PROJECTIONS

	2010	2011	2012	2013	2014
Operating Expenses	\$1,675,683	\$1,722,463	\$1,770,647	\$1,820,276	\$1,871,394

Five Year Forecast Water and Sewer Funds

The Borough provides water and sewer service to residents of Pottstown and a number of area jurisdictions on contract. As the owner of these public utilities, the Borough Council establishes rates for service and controls for quality based on federal and state guidelines. As the owner of the utilities, the Borough is permitted to use the revenue generated from service fees not only to provide for water and sewer service but may transfer funds to other Borough uses.

The Borough has established cost allocations for developing the annual operating budget for water and sewer service. All direct costs for these services, such as water and wastewater treatment, distribution and pumping, are included in the annual operating budget for these funds. In addition, the cost of support services such as finance, technology, personnel, executive, etc., are also calculated and included in the annual operating budget for these funds.

Revenue from water and sewer service is a function of unit rate and volume. Revenue changes will result from either increases/decreases in the unit rates established by the Borough or the volume of water/wastewater treated. Interviews with staff indicated that there is nothing to indicate that volume of treatment will increase significantly over the next five years. Additionally, the forecast methodology regarding rates is to develop a base case that uses current rates unless there is an approved plan to modify the current rates at some time in the future. Since there is no plan to increase rates that has been approved at the time of this analysis, the base case for revenue estimation uses current volumes and rates for future year income.

The financial forecast for each fund based on the assumptions explained above is shown in Tables 20 and 21.

TABLE 20: WATER FUND FINANCIAL FORECAST 2010 – 2014

	2010	2011	2012	2013	2014
Revenue	\$5,789,618	\$5,789,618	\$5,789,618	\$5,789,618	\$5,789,618
Expenses	\$6,014,184	\$6,119,048	\$6,227,881	\$6,340,829	\$6,458,064
Surplus/(Deficit)	(\$224,566)	(\$329,430)	(\$438,263)	(\$551,211)	(\$668,446)
Cumulative Surplus/(Deficit)	(\$211,349*)	(\$540,778)	(\$979,041)	(\$1,530,252)	(\$2,198,699)

*The 2009 Water Fund Budget projects a \$13,217 surplus

TABLE 21: SEWER FUND FINANCIAL FORECAST 2010 – 2014

	2010	2011	2012	2013	2014
Revenue	\$8,567,379	\$8,567,379	\$8,567,379	\$8,567,379	\$8,567,379
Expenses	\$8,804,985	\$8,940,178	\$9,080,102	\$9,224,939	\$9,374,879
Surplus/(Deficit)	(\$237,606)	(\$372,799)	(\$512,723)	(\$657,560)	(\$807,500)
Cumulative Surplus/(Deficit)	(\$77,067)*	(\$449,866)	(\$962,588)	(\$1,620,148)	(\$2,427,648)

*The 2009 Sewer Fund budget projects a surplus of \$160,539.

As each of the tables indicate, the Water and Sewer funds would operate at a loss in each of the years shown in the forecast. Assuming no significant increase in volume of treatment during that time, rates would have to be adjusted in order to balance the budget. Tables 22 and 23 show the impact on rates if the budgets of each of these funds are to be balanced.

TABLE 22: WATER RATE INCREASE REQUIRED TO ELIMINATE DEFICIT

	2010	2011	2012	2013	2014
Adjusted Sales Related Revenue	\$4,774,274	\$4,998,840	\$5,103,704	\$5,437,103	\$5,654,915
Adjusted Surplus/(Deficit)	(\$224,566)	(\$104,864)	(\$333,399)	(\$217,812)	(\$450,634)
Rate Increase to Eliminate Deficit	4.70%	2.10%	6.53%	4.01%	7.97%

TABLE 23: SEWER RATE INCREASE REQUIRED TO ELIMINATE DEFICIT

	2010	2011	2012	2013	2014
Adjusted Sales Related Revenue	\$8,077,779	\$8,315,385	\$8,450,578	\$8,828,108	\$9,108,137
Adjusted Surplus/(Deficit)	(\$237,606)	(\$135,193)	(\$377,530)	(\$280,030)	(\$527,470)
Rate Increase to Eliminate Deficit	2.94%	1.63%	4.47%	3.17%	5.79%

The results of the analysis set forth in the two preceding tables indicate that water rates would have to be adjusted by 25% and sewer rates by 18% over the next five years to eliminate projected deficits in these funds.

Expenses for these two funds are estimated on the same basis as General Fund costs except for energy related costs for water and sewer services. Energy costs will increase by 35% in 2010 and then go to market level, estimated at 3%, in the years 2011 through 2014. Given that energy costs are a significant cost item for these operations, our analysis broke out power costs and prepared an itemized projection of these costs. That forecast is shown in Table 24.

TABLE 24: ESTIMATED WATER AND SEWER FUND ENERGY COST 2010 – 2014

	2010	2011	2012	2013	2014
Water Fund Energy Cost	\$392,816	\$404,601	\$416,739	\$429,241	\$442,118
Sewer Fund Energy Cost	\$983,279	\$1,012,778	\$1,043,161	\$1,074,456	\$1,106,689
Total Energy Cost	\$1,376,095	\$1,417,379	\$1,459,900	\$1,503,697	\$1,548,807

The 2009 budget for these funds includes \$1,019,330 for energy related costs. That means that between 2009 and 2014 energy related costs for water and sewer services is expected to increase by over \$529,000, an increase of nearly 52%.

Water and Sewer Fund Issues

The Borough has created the Water and Sewer Authority as the governing board for water and sewer service matters. The members of the Authority are appointed by the Council. The Borough created the Authority in order to remove rate setting for water and sewer service from review by the Pennsylvania Public Utilities Commission (PPUC). Final determination of water and sewer rates for the Borough's customers is the sole province of the Authority. The Borough guarantees the debt of the water and sewer funds with the full faith and credit of the Borough. As the owner of the water and sewage treatment facilities, the Borough has the right to use the profits from operations for purposes other than water and sewer service.

Management Partners was asked to comment on the need for the Authority. Our conclusion is that being able to establish rates without review of the PPUC is desirable. Eliminating the Authority and being under the purview of the PPUC would undoubtedly result in many hours of additional staff work and significant expense for expert services to go through the typical rate setting review and justification required by a public utilities commission. Furthermore, it is likely that a PPUC rate setting review would result in diminished flexibility regarding disposition of surplus water and sewer revenue. Because of this, we do not recommend changing the governance structure for water and sewer fund matters.

As pointed out earlier in the water and sewer fund section of this report, the Borough charges a management fee to the Water Fund and also

allocates General Fund costs directly to the Water and Sewer funds. In the current year, a management fee of \$348,000 and \$656,927 of General Fund agency costs will be paid by the Water Fund; and \$402,733 of General Fund agency costs will be paid by the Sewer Fund. It is the prerogative of the Borough as the owner of the utilities to charge fees and expenses based on nothing other than ownership. However, good management would indicate that there be a sound rationale for these practices.

As explained earlier, there is a sound rationale that reflects industry standards for the establishment of the water management fee. However, staff reported during our interviews that the basis for charging General Fund agency expenses to these funds is based on past practice rather than actual cost allocation.

The financial relationship among the General, Water and Sewer funds should be rationalized by a well thought out, integrated financial plan. The first action in rationalizing this relationship would be to develop a strategic plan for water and sewer operations. The water treatment plant is operating at 60% of capacity and the sewage treatment plant flows are at 50% of rated treatment capacity. A strategy is needed for increasing water sales and sewage treatment sales to neighboring jurisdictions. Increasing sales would increase revenue and diminish or eliminate the need to increase rates.

Recommendation 7: Develop a strategic plan for water and sewer services.

At this time, the Water and Sewer funds have a detailed capital investment program. However, that capital investment program has not been converted into an actual multi-year budget and integrated with a multi-year operating budget for water and sewer operations. In addition, there is not a comparable capital investment program for General Fund services.

Recommendation 8: Develop a multi-year capital budget for water and sewer operations based on the strategic plan for these services.

Recommendation 9: Develop a multi-year capital budget for General Fund services.

This report provides the financial forecasting tool that can be used to develop a multi-year operating budget for the General, Water and Sewer funds. When integrated with the multi-year capital budgets recommended above, an analytical financial plan with corporate-wide buy-in can be implemented that will rationalize the financial relationship among the three key operating areas of the Borough. The alternative to an integrated financial plan is to become prey to reaction to crises or using path of least resistance solutions that do not provide a context for evaluating consequences of decisions.

Park and Recreation Fund Five Year Financial Forecast

The Park and Recreation Fund is financed by a distinct property tax levy. Consequently, Borough staff requested a forecast for this fund.

The current year budget for this fund totals \$948,763. Of that total, \$612,360 (65%) is from property taxes and \$336,403 (35%) is from user fees. Revenue and expense estimates for this fund incorporate the same protocols as used to estimate General Fund revenues and expenses. Based on those assumptions, the forecast for the Park and Recreation Fund is shown in Table 25.

TABLE 25: PARK AND RECREATION FUND FINANCIAL FORECAST 2010 – 2014

	2010	2011	2012	2013	2014
Revenue	\$941,936	\$938,813	\$935,705	\$932,613	\$929,536
Expenses	\$982,622	\$997,516	\$1,012,858	\$1,028,663	\$1,044,943
Surplus/(Deficit)	(\$40,687)	(\$58,703)	(\$77,153)	(\$96,050)	(\$115,407)
Cumulative Surplus/(Deficit)	(\$40,687)	(\$99,390)	(\$176,543)	(\$272,592)	(\$387,999)

The table indicates that over the life of the forecast the fund will operate at an annual deficit each year and will accumulate a deficit of nearly \$388,000. This assumes that there will be no change in user fees or user volume. In order to balance the operating budget for this fund, the property tax millage would have to be increased as shown in Table 26.

TABLE 26: PROPERTY TAX RATE REQUIRED TO BALANCE PARK AND RECREATION FUND BUDGET

	2010	2011	2012	2013	2014
Millage Rate Required to Balance Budget	0.84720	0.87093	0.89536	0.92050	0.94638
Millage Rate Increase from Prior Year	0.05332	0.02373	0.02442	0.02514	0.02588
% Increase from Prior Year	6.72%	2.80%	2.80%	2.81%	2.81%

The analysis displayed in the table indicates that property tax millage would have to increase from \$0.84720 to \$0.94638 by 2014 in order to eliminate projected deficits. That represents a nearly 19% increase in millage over the current year rate of \$0.79388.

Increases in millage could be offset by increases in user charges. The same principle recommended for General Fund license fees, parking citations and other similar items applies to Park and Recreation user fees. Such fees should be reviewed annually and adjusted to reflect the increased cost of providing service. Park and Recreation user fees represent approximately 35% of total revenue to the fund. By adjusting

user fees annually, the projected increase in millage could be reduced to approximately 12.35% instead of 19%.

Recommendation 10: Adopt a policy of adjusting Park and Recreation user fees based on the Borough's projection of the cost of doing business.

Fire Fund

Fire service is provided by four volunteer fire companies. The primary source of funding for fire service is property taxes levied by the Borough. The property tax millage for the 2009 budget for fire service is \$1.30635. State law caps the millage that can be levied for fire service at 3 mills. That means that the Borough is nearly halfway to the millage cap for fire service. Revenue and expense estimates for the Fire Fund are based on the same assumptions as the General Fund. The financial forecast for the fire fund is shown in Table 27.

TABLE 27: FIRE FUND FINANCIAL FORECAST 2010 – 2014

	2010	2011	2012	2013	2014
Revenue	\$1,022,316	\$1,017,205	\$1,012,119	\$1,007,058	1,002,023
Expenses	\$1,032,722	\$1,035,217	\$1,037,787	\$1,040,434	1,043,161
Surplus/(Deficit)	\$(10,405)	\$(18,012)	\$(25,668)	\$(33,376)	(41,138)
Cumulative Surplus/(Deficit)	\$(10,405)	\$(28,417)	\$(54,085)	\$(87,461)	(\$128,598)

The table indicates that the Fire Fund is expected to operate at a small annual loss. This is primarily due to the fact that the assessed property value that underlies property tax revenue is expected to decrease over the life of the forecast. The adjustment in property taxes needed to offset the expected decline in assessed value and eliminate projected annual deficits is shown in Table 28.

TABLE 28: PROPERTY TAX RATE REQUIRED TO BALANCE FIRE FUND BUDGET

	2010	2011	2012	2013	2014
Millage Rate Required to Balance Budget	\$1.31998	\$1.33000	\$1.34014	\$1.35039	\$1.36077
Millage Rate Increase from Prior Year	\$0.01364	\$0.01002	\$0.01014	\$0.01025	\$0.01038
% Increase from Current Year	1.04%	0.76%	0.76%	0.77%	0.77%

Property tax millage would have to increase from the current year rate of \$1.30635 to \$1.36077 by 2014 to eliminate projected deficits. That represents an increase of approximately 4%.

In the section of this report that analyzes fire service operations, the issue of whether four fire companies are needed to serve the Borough is raised. In that section of the report, the recommendation is made to apply for a state grant to carry out a detailed analysis of fire service needs.

Management Partners' experience in looking at other fire service operations indicates that the Borough could possibly receive the same service level for fire protection with three companies instead of four. If the detailed analysis proves this to be the case, the potential savings in cost without reducing the quality of service would be significant. It is likely that property tax millage for the Fire Fund could be reduced.

Financial Analysis Conclusion

Pottstown relies heavily on property tax revenue to support much of its services. The most compelling issue that faces the Borough in the immediate future is the fact that assessed value, the basis for property tax revenue, actually decreased from 2008 to 2009. Since the impact of the property value bubble burst was only beginning to register in 2009, the financial forecast is that assessed values will continue to decrease for the foreseeable future. Personnel related costs represent approximately 83% of the Borough's expenses. Given that significant factor, Pottstown will have to gain control over its personnel costs in order to avoid significant increases in property tax rates. Gaining control over personnel costs must have its primary focus on collective bargaining outcomes. The financial forecast provided in this report has made no allowance for wage adjustments beyond 2010, the last year for which an approved collective bargaining agreement exists. Even with no provision for wage adjustments, to eliminate projected deficits, property tax millage would need to increase approximately 75%, water rates would need to increase approximately 25% and sewer rates approximately 19% from current levels.

This forecast also includes no provision for capital investment in General Fund supported services, such as streets, facilities and vehicles. Indeed, there is no multi-year capital budget for General Fund supported services.

OPERATIONS REVIEW

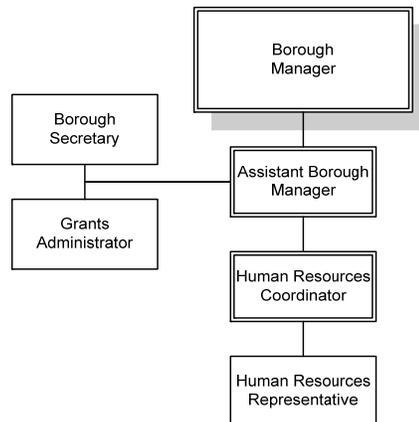
Corporate Issues and Administration

Throughout our review of operating departments, Management Partners identified a number of corporate level recommendations that impact not just one department, but the entire Borough. These recommendations serve to enhance internal services and better integrate the varying departments with the leadership apparatus of the Borough.

Borough Administration

The Borough of Pottstown's Borough Manager's Office has six employees, including the Borough Manager, Assistant Borough Manager, Borough Secretary, Grants Administrator, Human Resources (HR) Coordinator and HR Representative. The Borough Manager's Office organizational structure is depicted in Figure 1.

FIGURE 1: BOROUGH MANAGER'S OFFICE ORGANIZATIONAL STRUCTURE



The function of the Borough Manager's Office is to manage corporate administrative functions and direct the day-to-day management of the Borough. The Borough Manager's Office is officially managed by a Borough Manager with the support of an Assistant Borough Manager.

However, the Assistant Borough Manager has taken on the de facto role of Chief Operating Officer in the Borough. One of the reasons for this organizational development is that the Assistant Borough Manager has been assigned several interim department director roles, including that of Interim Finance Director.

As Interim Finance Director, the Assistant Borough Manager became the point of contact for all departments regarding the budget process. This was an especially important responsibility given that the Borough was in the middle of the FY 2009 budget process, which proved to be one of the most difficult budget years in Pottstown history. The Borough was forced to raise taxes and fees and cut positions in order to ensure that the Borough did not produce an operating deficit in FY 2009. This development placed a great deal of responsibility on the shoulders of the Assistant Borough Manager, though he did not possess the formal authority to make the executive decisions that the role required. Fortunately, the Assistant Borough Manager did an excellent job helping the Borough through the difficult fiscal period.

Regardless of the Assistant Borough Manager's ability, it is a fundamental responsibility of the Borough Manager, as opposed to Assistant Borough Manager, to take ownership of the budget process and guide the organization through difficult financial periods.

It is also important to note that it is not unusual for medium to large cities to designate an Assistant City Manager as Chief Operating Officer; however, it is highly unusual in an organization of Pottstown's size. In a municipality of the Borough's size, it is a fundamental responsibility of the Borough Manager to maintain a direct management relationship with operating departments. Moving forward, it will be important to ensure that the Borough Manager develops and maintains those management relationships.

Recommendation 11: Eliminate the Assistant Borough Manager position. This will provide a more direct management link between the Borough Manager and operating departments. The total salary and benefits cost of this position is approximately \$91,000, approximately 25,000 or 28% of which is funded through the general fund.

It will remain important for the Borough Manager to have a professional on staff to serve as special project coordinator. However, that position should not be vested with the responsibility for day-to-day management of the Borough.

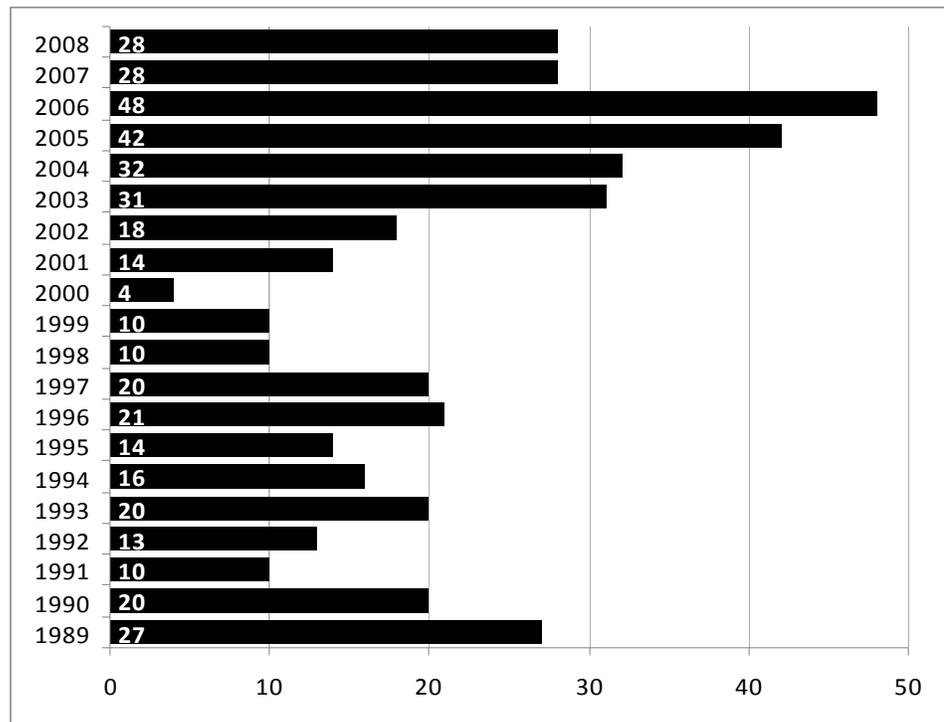
Recommendation 12: Recruit and hire an assistant to the Borough Manager to serve as Special Project Coordinator to the Borough Manager. The annual salary and benefit cost projected for this position is approximately \$59,000 (base salary of \$45,000 plus benefits), \$16,520 of which would be absorbed by the General Fund.

Labor Relations

One of the common themes echoed by both management personnel and Pottstown employees is the tumultuous relationship between the Borough and the American Federation of State, County and Municipal Employees (AFSCME) Local 2784. Both supervisors and front-line personnel indicate a high degree of frustration with the relationship between the union and management.

Considering these complaints, Management Partners sought to analyze the grievance history of the organization to determine if the concerns rendered during interviews were verifiable. Figure 2 demonstrates the historical pattern of grievances filed from 1989 through 2008. Data shows a substantial increase in the number of grievances filed beginning in 2003.

FIGURE 2: NUMBER OF GRIEVANCES FILED – 1989 THROUGH 2008



An increase in the number of grievances does not necessarily indicate obstructionist tactics on the part of the union. Therefore, Management Partners reviewed each grievance from 2008 to ascertain the nature of the complaints received. The majority of the grievances filed in 2008 were a reaction to one of three occurrences: 1) Supervisors completing union work; 2) Employees being directed to perform work outside of their job function, or; 3) Unequal discipline/harassment.

Conversations with Borough supervisors indicate that they are sometimes required to perform staff work due to employee unavailability or in response to a specific operational need. With respect to the issue of

supervisors directing employees to learn additional responsibilities, this is a fundamental management right. The issue of the unequal application of discipline and/or harassment is difficult to define and deserves case-by-case analysis. However, it is a labor relations best practice for these types of issues to be resolved at the supervisory level. The same can be said of many of grievances that were filed in the Borough in 2008.

One of the principle reasons for the high numbers of grievances filed in the Borough is poor working relationships between supervisors and front-line staff. Management Partners' field work indicates that the tension between supervisors and front-line staff is attributable to two primary factors. First, many supervisors in the Borough, especially new supervisors, have not had the benefit of supervisory training. As a result, each supervisor applies a personalized interpretation of labor contract provisions and utilizes a self-developed disciplinary style. This creates the perception on the part of front-line employees of an unequal application of discipline and harassment by supervisors. As a result, employees are unwilling to go directly to their supervisor to resolve issues, instead relying almost exclusively on the grievance process to address their complaints.

Recommendation 13: Implement a mandatory supervisory training program in the Borough requiring that all existing and new supervisors and managers undergo the training. Coordinate implementation with the HR Department.

The other primary reason for the high number of grievances filed in the Borough is that supervisors do not feel supported by executive leadership. There is a perception that the Borough Manager and the Borough's labor relations attorneys regularly capitulate to the union to avoid drawn out proceedings, even in circumstances where supervisors and managers were acting within the purview of the labor agreement and their management rights. This creates reluctance on the part of supervisors to consistently administer discipline and exacerbates the problem of frivolous grievances by suggesting that any and all grievances will be upheld. This problem is so prevalent that many supervisors have begun to take a laissez-faire approach to supervision, one supervisor going so far as to state that "they simply have stopped trying." Moreover, some employees have begun fast tracking grievances by sending them directly to the Borough Manager, as opposed to the supervisor as mandated in the labor agreement.

It is of paramount importance that Borough management support supervisors and employees by ensuring the fair and equal interpretation of labor agreement provisions and by protecting the right of supervisors to effectively manage day-to-day work.

Recommendation 14: Adopt an administrative policy of denying each grievance where supervisors are found to have acted within the purview of their responsibilities and the labor agreement. It is important that supervisors be held accountable to perform their supervisory responsibilities and that employees be held accountable to perform their work, or face justifiable discipline. This is an important step to creating a culture of accountability and should be completed regardless of the cost of potential filing fees.

Another step that can be taken to reduce the number of avoidable grievances filed is to tighten the language used in the existing AFSCME contract. The existing labor agreement uses ambiguous language in many instances, which results in varying interpretations of contract provisions between management and union employees. This results in unnecessary grievances.

Recommendation 15: Update AFSCME contract language to reduce ambiguity and specifically detail the conditions and components of each contract provision.

Performance Management System

Performance management systems are management tools designed to ensure that the work of both employees and management are focused on the mission of the municipality. The North Carolina Office of State Personnel uses the following concise definition of a performance management system:

“Performance management is a management process for ensuring that employees are focusing their work efforts in ways that contribute to achieving the agency’s mission.”

Effective performance management systems are comprised of three core elements: (1) strategic management and planning; (2) performance measurement; and (3) employee dialog.

Strategic Management and Planning

Borough-wide, the use of strategic management principals and strategic planning is limited. Few departments have strategic plans in place or accompanying work plans.

A comprehensive strategic planning process considers the mission for the organization, and articulates the organization’s values by preparing an environmental scan that identifies the factors affecting the organization, establishing goals, identifying priority strategies, and creating implementation plans.

The Borough of Pottstown does not have a goal statement through which it casts the operational decisions that are routinely made.

An environmental scan is normally conducted as part of a strategic planning process in order to identify the factors that are currently influencing the organization and those which will affect it in the future. Typical factors include fiscal constraints and opportunities, service demand drivers, policy issues, legislation, demographic characteristics of the community, and workforce issues. A “SWOT” analysis (strengths, weaknesses, opportunities, threats) is normally part of the environmental scan.

Goals set the framework for the organization’s policies that guide the direction and focus of the Borough, its budget decisions and the allocation of other resources such as staff time. Goals can be broadly viewed as opportunities for change and improvement. They are statements of how one would want the future to be. Goals provide the larger meaning and context of the specific actions the agency takes. They would help Pottstown managers and policymakers to decide which of the many important projects should be done and when, within available resources. Goals must be meaningful and attainable.

Strategies are the means to achieve the goals. They are the individual projects that must be assigned, with resources identified, that will contribute to achievement of a goal. Projects should be achievable within the available resources, with clear direction and attainable timeframes, with periodic checking on progress, changes or challenges.

During project field work, there were no readily available signs or cues that would indicate that employees or managers were working towards a unified and enumerated goal. Work performed was done so without context of how it relates to other divisions or the overall Borough well-being. An example of this could be bank reconciliations. The work is routine and detail oriented – but it is of vital importance to the effective management of the Borough. Without completed reconciliations, an accurate financial disposition cannot be determined. Without reliable financial information, sound management and policy decisions cannot be made. Perhaps if the importance of this piece of work was placed in the context of the greater good of Pottstown residents, there would be a sense of urgency to complete reconciliations in a timely manner.

Pottstown would benefit from a comprehensive strategic planning process, which carries through to specific work plans for departments that support the overall Borough-wide strategic plan. In this way, policymakers can be assured that resources are marshaled effectively and employees are united in focus.

Recommendation 16: Create a strategic plan for the Borough of Pottstown and annual departmental work plans based on it. This Borough-wide strategic plan should then serve as the framework upon which departments prepare their own strategic and work plans which are related and help achieve Borough-wide strategic plan goals.

Recommendation 17: Develop five-year strategic plans for every department. Each department should have a plan which sets a course and specific goals for the ensuing five years. The plans should relate explicitly to the Borough-wide strategic plan.

Recommendation 18: Create annual work plans for every department. As noted above, each department should prepare an annual work plan with specifics as to how strategic plan goals will be achieved and goals for each year's accomplishments.

Recommendation 19: Use work plans as one factor when reviewing Borough performance. By having work plans, the Borough Manager and their department heads can clearly determine whether progress toward goals is made each year and whether the departments are working to support the stated mission and objectives for the organization. While supervision and management of daily operations is clearly critical for department heads, they should also be expected to work toward enacting a number of operational improvements annually as well.

Performance Measurement

Best practices agencies routinely utilize performance measures in order to gauge progress and performance. Without the routine collection of data on inputs (workload), outputs (workload completed), efficiency (cost per unit) and effectiveness (customer satisfaction or quality), it is virtually impossible for managers in an organization to truly know how they are doing. One would not be surprised to see a private sector manager tracking data and numbers on their operations; and this principle applies to public sector managers as well.

The Borough of Pottstown does not utilize a comprehensive system of performance measurement. In many instances during the course of this review, department managers were unable to provide quantitative data required for the proper management of their organizations. Just a few specific examples include:

- Cost per lane mile resurfaced
- Cost per linear foot of water line installed
- Number of code violations issued by inspector
- Total cost per participant by recreation activity

- Average time spent mowing per acre
- Average patrol response time from time of dispatch to scene arrival
- Clearance rate by type of UCR offense

This is a limited list, for illustrative purposes only. A list of sample measures may be examined in Attachment B to this report. Obviously, unique measures would be created for every operation of the Borough.

Having data and utilizing data are two discrete things. Some of the examples given can be calculated by data that are being currently collected in some manner. With few exceptions, however, Pottstown has not placed great value in collecting performance or workload data and what is being collected is not being used to make decisions. There is a drastic difference between having the pieces of a puzzle and having a completed puzzle.

A culture of continuous improvement requires a formalized program based performance measurement system reinforced by a corporate management system. Program performance measurement begins with an inventory of the programs (services) that the government provides to the residents, developing a list of measures for effectiveness, efficiency and workload (inputs/outputs), and setting standards or targets for those measures that provide a profile of expected program performance. Most successful performance measurement systems are closely integrated into the budget process.

While at times the lack of performance measurement data can be the result of oversight or lack of knowledge, it is more frequently related to the lack of proper focus by management on operational performance. Too often managers focus their daily efforts on issue management and crisis control and lack the discipline to focus on daily service delivery.

A comprehensive system of performance management has at its core routine communication between managers on operational performance and project management. Reporting performance filters “up” through the layers of management and “out” to the Borough Council and residents, ensuring that performance is clearly communicated to policymakers and the general public.

The point of effective communication is particularly salient for the Borough of Pottstown. In a time when the Borough needs to make tough choices in a tense atmosphere, the ability to point to detailed performance data to justify decisions would be invaluable. While it will not make the decisions of what programs need to be reduced or how many positions need to be eliminated any more palatable, managers will be able to have peace of mind in knowing that their actions were grounded in rational analysis that has been effectively communicated to the Borough Manager, policymakers and residents.

Recommendation 20: Implement a system of performance management with a comprehensive family of effectiveness, efficiency and workload measures. Performance measurement is not a panacea, but a means to provide data to managers and supervisors who no longer need to operate “in the dark.” By having numerical data to review and to show trends or anomalies, managers and supervisors can make more informed choices.

Measures need to be carefully selected to develop relevant information to assess results without overloading staff with data collection and reporting. The measures will tell the managers the “what” about the programs with the “why” being determined, when necessary, through analysis of the circumstances surrounding the program.

One of the most important aspects in understanding a performance measurement system is to distinguish between programs and projects, the two different types of work performed by Pottstown employees. The performance measures apply to each of the “programs” Pottstown operates: the regular, repetitive services the organization performs, week in and week out. “Projects,” on the other hand, are unique elements of work, each with a schedule for completion and, generally speaking, a fixed budget and a specific expectation of quality upon completion.

It is not uncommon for projects to be the major focus of residents, councils and managers. Although projects are often high in profile and may take priority with the Council and other executives, they do not lend themselves to performance measurement. The anticipated result of a project is likely an improvement to a service or program. Therefore, although the performance of the project management is assessed individually project by project, the longer-term impact of project effectiveness is measured through its contribution to improvement in program performance.

Programs, however, can be subjected to measurement to ascertain current levels of effectiveness and efficiency. If performance is measured systematically, leaders will have the information that can serve as the basis to make changes to improve quality, timeliness or cost over a period of time. Performance measures become part of the organization’s regular dialogue about program goals, budget allocations and accomplishments.

These measures will address the day-to-day operations of the Borough of Pottstown.

Employee Dialog

The proposed Borough of Pottstown Management System will exist to track progress and performance on the important work of the organization. The Management System will consist of regular written

reports, punctuated by one-on-one management meetings between a manager and his/her subordinate.

This acknowledged differentiation of work is essential to the identification of the projects that should be routinely managed. There are separate tracking mechanisms for projects and programs. These two methodologies are synthesized during the regular meetings. The following data in Table 29 details these different reporting methodologies.

TABLE 29: PROJECT AND PROGRAM MANAGEMENT METHODOLOGY

Projects	Programs
<ul style="list-style-type: none"> ◆ All major projects will be tracked; the most important projects will be reported at the executive level. 	<ul style="list-style-type: none"> ◆ Each program will have a family of measures for each major activity; one or two of the most important measures will be reported at the executive level.
<ul style="list-style-type: none"> ◆ Project tracking will give project managers tools/data to manage project performance. 	<ul style="list-style-type: none"> ◆ Detailed measurements provide program managers with tools/data to manage operations.
<ul style="list-style-type: none"> ◆ Key projects that relate directly to the department head's goals will be included in the performance measurement report and communicated to residents. 	<ul style="list-style-type: none"> ◆ Key indicators that relate directly to the department manager's goals will be incorporated into the balanced scorecard and reported to stakeholders.

The following data in Table 30 shows the scope and structure of the regular written reports and routine one-on-one meetings that are essential to the systematic employee dialog.

TABLE 30: SCOPE AND STRUCTURE OF THE MANAGEMENT SYSTEM

Regular Written Reports	Routine One-on-One Meetings
<ul style="list-style-type: none"> ◆ Cover most of the work of the department 	<ul style="list-style-type: none"> ◆ Basic business meeting between a manager and his/her direct report
<ul style="list-style-type: none"> ◆ Basic review for the department manager 	<ul style="list-style-type: none"> ◆ Scope: All the regular work and key issues
<ul style="list-style-type: none"> ◆ Discuss key performance indicators of a well-run organization: <ul style="list-style-type: none"> ○ Stakeholder focus ○ Operational focus ○ Financial focus ○ Employee focus 	<ul style="list-style-type: none"> ◆ Structured approach and a consistent schedule including: <ul style="list-style-type: none"> ○ Agenda ○ Back-up materials ○ Note-taking
<ul style="list-style-type: none"> ◆ Report progress; flag issues that need attention 	

It is a best management practice in any management system for each program area or support unit to prepare monthly reports for their department manager as a primary means of discussing progress in executing that office's work plan. The report will provide management information about the corresponding activities and results using the following framework:

1. Executive Overview – Introductory comments that summarize the highlights of organizational results during the month-long period.
2. Customer Focus – Service to customers and residents of the Borough of Pottstown should be a primary focus of the Borough. Discuss specific customer service activities, improvements or developments that occurred, and identify any issues that required (or require) management attention.
3. Operational Effectiveness – The effectiveness of the organization is measured through program performance measures and through the execution of planned projects. Discuss the organization’s effectiveness in delivering services and in executing projects in relation to the plan. Activities, improvements or developments that occurred, as well as issues that required (or require) management attention should be included.
4. Financial Management – Stewardship for department financial affairs is a key element of success. Discuss financial management issues including the status of spending in relation to budget, results in realizing revenues as planned, and any financial issues requiring management attention.
5. Employee Support – Supporting employees in the accomplishment of assigned work is a basic management responsibility. Discuss department efforts to promote employee well-being, including training, employee safety, employee health (sick leave and injury experience), and effective supervision.
6. Looking Ahead – Identify the significant developments that are expected to occur within the next four to six months. There should be particular emphasis on milestones that are expected to be achieved, matters coming to completion, or events of significance to the community at large. Use the “no surprises” rule and identify any issues on the horizon that might be important.

The second component of the management system, in addition to the regular reports, is the one-on-one conversations between managers and employees. Key management activities occur in these one-on-one meetings. Subordinate managers are responsible for preparing an agenda in advance of the meeting. Both parties take notes and agree on follow-up. They will review the written report and flag issues that need to be discussed.

Recommendation 21: Institute the use of monthly one-on-one meetings between managers and subordinates to review work plans and program performance data.

It should be noted that performance management systems are not a panacea and will not work overnight. It will take a mindful and concerted

approach to implement a management system into an organization that heretofore has had little to no accountability. Furthermore, some measures that are developed may take two to three years of data collection to yield meaningful patterns.

Supervisors and managers are responsible for cultivating an environment where accountability and continuous improvement are core values of the organization. The three components of the performance management system described in this document will assist those managers in that endeavor.

Management Partners acknowledges that there may be particular difficulty associated with the implementation of these recommendations. Management and employees must look beyond all of their past interactions or associations. The Borough of Pottstown has definite room for operational and fiscal improvement. This condition can be improved, but it will take teamwork, trust and accountability. This will not happen overnight, but Management Partners believes that the people who make up the Borough are capable of turning things around.

Human Resources

The Human Resources function is staffed with two full-time employees, including one HR Coordinator and one HR Representative. The HR Department is responsible for benefits administration, Family and Medical Leave Act (FMLA) processing, recruitment and hiring, employee relations and training. Labor agreements are primarily negotiated by the Borough's labor attorneys, with the advice of the Chief of Police and the Borough Manager, depending on the union in question.

Currently, the HR function is officially managed by the Borough Manager but day-to-day HR management is completed by the Assistant Borough Manager; however, over the past several months, the Assistant Borough Manager has taken on several interim department director roles, including the Finance Director position. This has understandably resulted in decreased focus on HR management in lieu of addressing pressing budget and finance issues.

As noted above, Management Partners has recommended the elimination of the Assistant Borough Manager position in favor of engendering a more direct operational connection between the Borough Manager and operating departments. With the elimination of the Assistant Borough Manager position, the function of Human Resources Director should be fully absorbed by the Borough Manager. This is a common arrangement in organizations of Pottstown's size. Moreover, it will allow the Borough Manager to take a more direct role in labor and employee relations.

Recommendation 22: Designate the Borough Manager as the Human Resources Director, with direct day-to-day responsibility for employee and labor relations and internal Borough communications.

The Borough is staffed with a total of 154 employees including 20 crossing guards whose salaries are reimbursed by the Pottstown School District. The Borough also employs summer seasonal employees and supports a retirement population through benefits administration services. The industry recognized benchmark ratio of HR staff to total employees is 1:100. The Borough maintains a ratio of about 1:50, on average.

However, in order to draw informed conclusions about HR function staffing levels, it is important to consider qualitative information regarding HR responsibilities. Given the other responsibilities of the Borough Manager, the substantial HR related recommendations contained in this report, and the anticipated workload associated with a growing retired population, it will be important to maintain the HR staff level to provide effective HR services.

Employee Performance Appraisals

One of the core services that Management Partners focused on is employee performance management, which is defined here as the process of annually reviewing individual employee performance with the goal of recognizing success, building on opportunities and helping employees and the organization grow more productive.

The Borough has an established employee performance management system; however, it is inconsistently utilized by managers and supervisors and, in most cases, not utilized at all. Supervisors indicate that the inconsistent use of employee performance management tools is attributed to one primary factor: the Borough does not have money for salary increases linked to performance. In reality, pay is only one facet of an effective employee performance management system. The other, and equally important reason for completing annual appraisals is employee development.

Systematic performance appraisals provide an opportunity for supervisors and subordinates to discuss not only past performance but future goals and expectations. Also, when structured properly, performance reviews serve to help supervisors manage employee performance and provide a mechanism to administer discipline if necessary. They also allow employees to provide feedback to managers and develop tangible professional development plans. A strong organization requires investment in personnel that goes beyond salary and benefits, and performance management is an important component of that investment.

Another reason that performance management is poorly utilized at Pottstown is because managers and supervisors are not held

accountable. The Borough does not track whether employees receive reviews in a timely fashion and there are no repercussions in place for those managers and supervisors who do not provide appraisals to their employees.

Recommendation 23: Develop a performance appraisal scheduling and notification system, to be managed by the Human Resources Coordinator, that schedules and tracks the timely completion of employee performance appraisals. Each manager and supervisor's performance concerning the completion of subordinate performance appraisals should be included as a component of the supervisor's annual performance appraisal.

While it important to ensure that employees receive annual evaluations, it is equally important for managers to use the performance appraisal process as a management tool and to treat the process as something more than an annual exercise. Each annual evaluation should produce tangible and quantifiable goals for the coming year and it is the responsibility of the supervisor to monitor progress toward those goals and provide positive and constructive feedback throughout the year.

Recommendation 24: Utilize the performance management process to develop baseline annual work plans for employees. Work plan progress should be tracked through regular supervisor/subordinate meetings which is a component of an effective management system.

When structuring a performance management system, it is important to ensure that there are standard questions in place for each classification of employee—support staff, professionals, executives, etc. These questions serve as a baseline standard of performance for the organization.

It is also necessary to maintain a degree of flexibility in the process to enable the organization to customize appraisals to the specific duties of a position. For example, the Borough Managers appraisal tools for department heads should look far different than the appraisal system for a Finance Department clerk. That being said, the systems should not vary greatly among the same classification. For example, all department head appraisal systems should be consistent. With a refocused effort on performance management, it would behoove the Borough to complete a comprehensive review and update of the performance appraisal system to ensure that it meets the needs of the organization and its employees.

Recommendation 25: Update the existing performance appraisal system to ensure that forms and questions are structured to provide both consistency and flexibility by job type or classification. A best practice performance management system should specify clear,

tangible goals, include observable and clear rating factors, and use a continuous performance management cycle.

Employee Skills and Development

Management Partners' fieldwork indicates that one of the major obstacles to organizational effectiveness at the Borough is the variance of employee skill level, especially across like job categories. This is primarily due to the outdated nature of Borough job descriptions and the low level of minimum qualifications detailed therein.

This creates a number of problems, the most important of which is a lack of managerial control concerning interagency transfers based on union seniority and the circumstance where those without the practical qualifications to fill a position meet the minimum qualifications listed in a job description. It is vitally important to ensure that the Borough's workforce, as its most important asset, is comprised of individuals who have the skills to provide effective and efficient service. While it is perfectly reasonable to offer internal employees the opportunity to advance across departments, those employees must be able to meet the qualifications of the position.

Recommendation 26: Review the minimum skills required for each Borough-wide position and revise job descriptions and minimum qualifications to ensure that employees possess the skills to function at a high level.

While the underdeveloped skill set of many staff can, to a degree, be attributed to lack of individual employee initiative, it is also clear that Pottstown has underinvested in employee development. As the requirements of individual jobs have changed over the years, staff have not been properly trained to excel in this dynamic environment. Ultimately it is the responsibility of management to ensure that employees maintain and develop skills to remain assets to the organization.

Recommendation 27: Complete an assessment of existing staff skill levels and compare to revised minimum requirements.

Recommendation 28: Develop one-year performance improvement plans for those current Pottstown employees who require skill development and provide training necessary to improve employee skill levels. At the conclusion of the performance plan, assess each employee's candidacy for continued employment.

Recommendation 29: Develop annual training requirements by job classification and designate supervisors with the responsibility to monitor individual progression toward those requirements.

The Human Resources Department offers some training to Pottstown employees, including employee orientation and other periodic offerings, but a comprehensive best practice training program does not exist. In fact, a common issue cited in interviews was the lack of training offerings.

It is fundamental to the success of any organization to ensure that employees have the skills to not only perform at a high level, but to advance professionally. This not only results in operational efficiency but improved employee morale. Best practice training programs go far beyond employee orientation and offer regular supervisory and management training, customer service training and training for employee skill development. A best practice training program includes mechanisms for regular assessment of training curriculum and is flexible to the needs of an organization.

Table 31 provides a list of core HR training program components and their characteristics.

TABLE 31: CHARACTERISTICS OF BEST PRACTICE TRAINING PROGRAMS

Training	Frequency	Characteristics
Managerial and supervisory	Quarterly	<ul style="list-style-type: none"> ➤ Required for all supervisors and managers ➤ Includes training on labor relations, personnel law, performance management, supervisory skill development, conflict management, and management expectations
Customer service	Annually	<ul style="list-style-type: none"> ➤ Required of all front-line staff ➤ Includes training on the fundamentals of customer service ➤ Discussion of internal and external customers
Employee skill development	As needed	<ul style="list-style-type: none"> ➤ Flexible and customizable to meet the needs of an organization and job classification ➤ Requires employee attendance ➤ Ensures that employees maintain and develop skills to perform at a high level ➤ Coordinates with departments and divisions to offer custom training

Recommendation 30: Develop a robust best practice training curriculum, to be managed by the Human Resources Coordinator, that will help front-line employees and supervisors more effectively perform their responsibilities.

Recommendation 31: Adopt a policy designating 0.25% of the total Borough personnel budget toward employee development and training.

By investing time and resources in employee development, Pottstown will not only help to improve operational effectiveness and employee morale, but it will help to develop the skills of the next generation of Borough leaders.

Disciplinary and Background Investigations

Currently, the Human Resources unit utilizes the Police department for both employee disciplinary investigations and background investigations for many new hires. This practice is not only a poor use of highly trained personnel but creates the risk of violating the privacy of employees.

Police officers are Borough employees and so must work beside other Borough employees on a regular basis. It is unreasonable to ask any prospective employee to divulge private background information to prospective co-workers, especially if the information uncovered in the background is not germane to the application.

Additionally, the best practice is for personnel disciplinary investigations to be completed by designated employee relations personnel; in this case, the Borough Manager. Utilizing Borough employees to conduct disciplinary investigations of a co-worker violates the confidentiality of individual personnel files.

Recommendation 32: Eliminate the practice of utilizing the Police Department to conduct disciplinary investigations and background checks.

Human Resources Information System (HRIS)

The Borough has purchased an HRIS module through Dallas Data Systems; however, it has not been implemented. As a result, large volumes of HR information are tracked manually by the HR Coordinator, including grievance information and FMLA data.

In addition, the absence of an HRIS system that is linked to payroll creates avoidable errors and inefficiently absorbs staff time in the manual processing of HR data. Fully implementing the Dallas Data Systems HRIS module will vastly improve the efficiency of data processing and the reliability of information. Furthermore, it will enable a more cohesive link between HR and payroll, which will result in fewer errors on employee paychecks.

Recommendation 33: Install the Dallas Data Systems HRIS data module.

Recommendation 34: Work with Dallas Data Systems to develop appropriate electronic links between the HRIS and payroll systems.

Recommendation 35: Train relevant personnel on the use of the HRIS module.

Finance Department

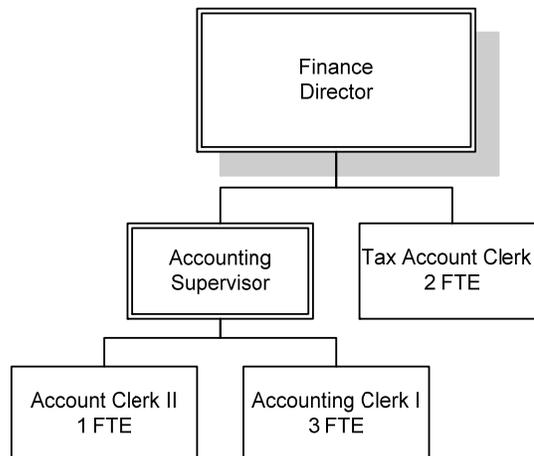
The Finance Department is responsible for all routine financial management functions of the Borough. Duties include processing accounts payable and accounts receivable, answering questions and collecting payments regarding the Water and Wastewater utilities. Additionally, the department processes payroll on a weekly basis.

The Tax Office collects property taxes for the Borough of Pottstown as well as the School District and the County. The operation boasts a collection rate of 93% for property taxes. While this is a little lower than what would normally be expected, it is most likely a function of the local economic climate rather than a need for a process change. This well organized two person team represents an extremely low cost of collection - approximately 1% - and zero overhead for the Borough, as they are housed at the Pottstown School District building. Additionally, 50% of the operating costs are covered by the School District.

The 2009 operating budget for the Finance Department is \$822,721 consisting of \$429,458 in personnel related costs and \$393,263 in non-personnel costs.

The department consists of five employees in Finance, two employees in the Tax Office and a Finance Director. The organization of these employees may be seen in Figure 3 below.

FIGURE 3: CURRENT FINANCE DEPARTMENT ORGANIZATIONAL STRUCTURE



Analysis and Recommendations

The Finance Department has not had consistent leadership in a number of years. There have been three different Finance Directors leading the operation in the last five years. This has led to an inconsistent approach to financial management policies and fund accounting practices. The outcome is that information has been difficult to procure and trend analysis is unreliable. The newly hired Finance director will need time to effectively unpack the years of inconsistent reporting and assemble a financial picture that is accurate and reliable.

During the course of Management Partners' analysis, there were instances when a request for financial information was not readily available or unable to be produced. The process of producing documents illustrating the revenues and expenditures over the last five years was a very time-intensive process that took much longer than what would normally be expected. Finance staff were also not able to produce data that shows the unrestricted balances of each Borough fund. Next, the cash position of funds for the year beginning January 1, 2009 were not available because the January 2009 bank reconciliation had not been completed by late April.

These examples all speak to a divergence away from sound fund accounting principles. During the budget season, it was widely reported (verbally) that there was an \$800,000 dollar deficit. However, Management Partners project staff was not able to verify this report from any of the financial information presented.

The Borough hired a new Finance Director in April 2009. Given Management Partners' assessment of the current accounting practices, it is likely that the new director will need a considerable amount of time to effectively sort out the fund accounting finances of the Borough of Pottstown. Once sorted, Pottstown needs to adopt common industry financial management practices. The Government Finance Officers Association (GFOA) can provide the pathway to stabilizing the Borough's financial management and reporting practices. The GFOA has developed standards and recommended policies for local government financial management. It also provides a process for measuring a jurisdiction's compliance with recommended financial management standards and practices and awards certifications for high performing organizations that produce exceptional budgets and financial reports. Best practice organizations achieve or strive to achieve this certification.

Recommendation 36: Adopt and work toward the goal of producing budget and financial reports that receive the GFOA Certification of Excellence within three years. This is an ambitious but wholly accomplishable goal. This will ensure that best practice fund accounting principles are adopted and routinely implemented.

Currently, the Borough's payroll system is not meeting the needs of the organization. The Police department is on a two-week payroll schedule

that is extremely detailed while various union and non-union employees are on a combination of weekly and bi-weekly pay schedules. This has created unforeseen complications associated with the integration of the Boroughs payroll contractor. On numerous occasions, egregious payroll mistakes have occurred that resulted in employees not receiving their due wage at the expected time.

The situation has escalated to a point where the Finance Director was forced to manually review payroll figures and manually issue checks to employees in order to avoid additional service interruptions. The competing payroll schedules, and the inability of the vendor to appropriately manage the detailed police time sheets, has inhibited the Finance Director in the important work of establishing the use of generally accepted accounting practices within the Borough. Moreover, the widely accepted industry best-practice is for all employees to be on the same payroll schedule.

Recommendation 37: Establish a uniform bi-weekly payroll schedule for all employees.

The accounting clerks within the Finance Department are AFCME employees who are intricately involved in the payroll process. It is uncommon for members of a bargaining unit to be involved in this business practice due to the highly confidential and personal nature of payroll information. The best practice commonly utilized in municipalities across the country is for payroll staff to serve as non-union positions, much the same as Human Resources personnel.

Recommendation 38: Assign payroll support duties to a non-union employee. This employee could be a part-time hire, a contractor, or a non-union employee already within the organization.

The Borough has produced a document entitled “Capital Projects Budget.” However, this document appears to be a listing of projects proposed by some of the Borough’s departments. It is not a budget in the true sense of the term since it does not include a financial plan, does not include all Borough agencies, and apparently has not been adopted by the Council. The Borough needs to implement a capital improvement process that includes an inventory of the future capital investment needs of the Borough, the cost of capital projects, a prioritizing system for capital investment needs, the financing options available, including financial impact analysis and the sequencing of approved projects over a number of years.

Recommendation 39: Implement a true multi-year capital budget development process.

Currently, there is no organized financial reporting system for tracking the status of the annual operating budget. In a high-performing agency,

department heads and municipal executives would be given monthly reports comparing year-to-date experience to expected performance.

The report would also have built-in parameter checks to highlight circumstances that are exceeding expenditure targets. The report would also summarize the projected end-of-year financial status based on year-to-date experience. An integral element of the reporting system would include the requirement for managers to submit corrective action plans for expenditures that exceed the target. Finally, the results should be reported on a regular basis to the governing body.

Recommendation 40: Implement an operating budget status reporting system.

A key part of financial reporting is the ability to effectively track expenditures against the general ledger. The Borough's purchase order system is a potentially powerful tool in this endeavor. Currently, the use of the purchase order system is not uniform throughout the organization, causing data to be unreliable for financial analysis or management decision making.

Recommendation 41: Begin the comprehensive use of the purchase order system. Over time, the organization will be able to set internal purchasing guidelines on what purchase will require what authorization by the manager or department heads. However, the first step is to begin the routine use of this tool.

In developing the annual operating budget, the cost of General Fund agencies, such as Finance and Technology, is spread among the several funds of the Borough. Allocating cost is an acceptable business practice. However, it was reported that the costs are spread based on, "this is what it has been in the past." There is no proportional metric or labor cost distribution system for determining if the cost allocations are relevant to current conditions. Nor is there an agreed upon policy decision that details that rationale behind the current allocation amounts.

Recommendations 42: Design and implement a cost allocation plan. This plan should take into account hours expended on particular projects and activities, as well as direct and indirect costs associated with conducting these activities.

Finance Department employees each have defined tasks and duties and are resistant to working outside of those assignments. This has led to production bottlenecks. In the past there has been resistance to cross training efforts attempted in the department. However, it is a financial best practice to not only have employees cross-trained on their respective duties, but to also periodically rotate the assignment of those duties. This is done both to ensure that employees' skills remain sharp and applicable, but also as a way to increase financial controls.

Recommendation 43: Develop a rotation system to expose Finance Department staff to a variety of jobs and cross-train staff accordingly.

During interviews with staff and stakeholders, it was indicated that there is a perception that customers are treated disparately by the employees of the Finance Department. Of particular concern is the processing of utility bills and payments. In Management Partners' research, there were documents found or produced by the Borough that outline the procedure for handling delinquent accounts. When there is a policy void, employees will naturally use their discretion – sometimes inappropriately – when confronted with an issue. The department needs to review its policy for payment delinquencies to assure that it is thorough. The policy should include a provision for final approval of payment plans by a staff member in a supervisory or management position. There should also be an aging report on delinquencies that can indicate the condition of payment plans.

Recommendation 44: Develop and implement a Finance policy that details when, to whom and under what circumstances payment plans and various other options are offered to delinquent accounts. This is a best practice that ensures equitable treatment to all rate payers.

Recommendation 45: Develop and implement quality assurance practices for accounts receivable processing. These practices would include creating aging reports that detail delinquent accounts with their corresponding outstanding balances.

The industry accepted norm for bank account reconciliation is 10 business days after the end of the month. This is a routine function of any finance office and should not be an item for concern. However, Pottstown is often months behind in their bank reconciliations. On more than one occasion during the research phase of this project, a request was made for the current financial position of the Borough, and it could not be fulfilled because bank reconciliations had not been closed in a timely manner. The explanation for the length of time to reconcile accounts appears to be lack of familiarity with and training on various financial management software modules. The department should establish a target of completing bank reconciliations within 10 business days of the following month.

Recommendation 46: Complete bank reconciliations no later than 10 business days into the next month. This is one of the most essential functions for which finance account clerk is responsible. Without timely reconciliations, the organization's cash position cannot be adequately determined. Without a reliable cash position, fund balances cannot be determined and day-to-day sound

financial management cannot happen. Bank reconciliations are the foundation of sound financial accounting and must be done in a timely manner.

Recommendation 47: Re-train Finance Department staff on financial management software modules.

In any organization, the competence of the professional staff – beyond any policy or management tool – is what largely determines its success. Because of the high turnover in the position of Finance Director, consistent leadership has not been a staple of Finance Department operations. Perhaps as a result of this inconsistency, employees were not adequately trained or supervised. As an example, Management Partners observed the Finance Director request a report from a subordinate employee. The employee claimed not to know how to produce this report and went back to her work station without further comment or explanation. Later that work week, the Finance Director personally was able produce the required information.

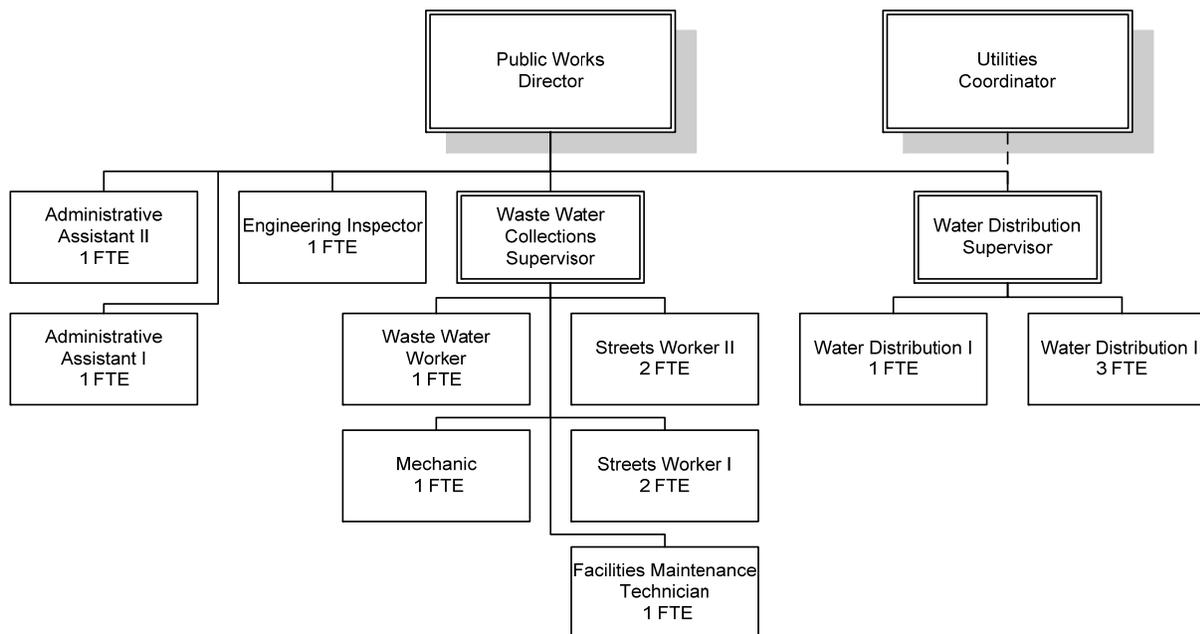
Recommendation 48: Ensure that employees are adequately trained for their current job responsibilities. Employees should be given the opportunity to improve their performance to an acceptable level through training and instruction from supervisors.

Recommendation 49: Evaluate employee performance in 12 months. Employees who are unable to perform the core components of their job requirements after receiving detailed instruction and training opportunities should be given a corrective action plan designed to bring performance to expected levels. Failure to meet expected performance should result in appropriate disciplinary action.

Public Works

The Public Works Department is staffed with 17 full-time employees and is managed by a Public Works Director. Administrative work is supported by two Administrative Assistants and an Engineering Inspector. Operationally, the Borough of Pottstown's infrastructure is maintained by three distinct divisions: Streets, Wastewater Collections and Water Distribution. These operations are managed by two working supervisors. Streets and Wastewater Collections are managed by one, while Water Distribution is managed by another. The current structure of the department can be examined in Figure 4.

FIGURE 4: CURRENT ORGANIZATIONAL STRUCTURE



Of the 17 departmental employees, 14 are members of AFSCME. The dotted line connecting the Utilities Coordinator and the Water Distribution Supervisor represents the coordination that occurs between the Water Distribution division of Pottstown and the Borough Authority's Water Treatment operations. This coordination includes not only work planning but also funding of the division's operations.

The administrative function of Public Works is housed in Borough Hall, while the operations offices and garage are located off-site on Beech Street.

The financing of the department is generated from six different funds. For the purposes of this analysis, anything not categorized as a water or wastewater expenditure was classified as a Public Works expense. The distribution by fund and activity may be examined in Table 32.

TABLE 32: OPERATIONS FUNDING BY SOURCE AND ACTIVITY FOR FY2009

Activity	Fund						Total
	General	Water	Sewer	Refuse	Sewer Line	Liquid Fuels	
Public Works	\$523,167	\$143,479	\$18,452	\$40,501	\$82,822	\$400,000	\$1,208,421
Water Distribution		\$568,124	\$26,255				\$594,379
Waste Water Collection					\$267,952		\$267,952
Total	\$523,167	\$711,603	\$44,707	\$40,501	\$350,774	\$400,000	\$2,070,752

Analysis and Recommendations

Planning and Management

One of the most useful tools that public works departments can utilize to plan work and track results is a work order system. Work orders not only provide an administrative mechanism to assign work but, if used properly, can help inform management decisions by providing core workload data and trends.

In Pottstown, work orders are used primarily as a shield to potential liability. Work orders are issued in a system that does not recognize any year over 1999. As a result, the date that a work order is issued is written in the “comments” field – this means that data cannot be effectively tracked by date and, as result, cannot be effectively used to inform management decisions. Work orders may be sorted and examined by job type and address. This information is used in response to resident service and information requests. It is also used to confirm work completed at a specific address, to confirm that specific work orders have been completed and identify potential locations that might pose service challenges.

The department owns a license for a work order system through Dallas Data Systems; however, it has not been implemented. Implementing the system will greatly enhance the availability of data and will improve the department’s ability to not only track emergency repair assignments, but preventative maintenance as well.

Recommendation 50: Train employees on the use of the Dallas Data Systems work order system. Because the Borough has already purchased a license for this software, an effort should be made to utilize the technology available. This is especially true for a system that would allow for more complete and sophisticated data management.

Recommendation 51: Establish proficiency with the Dallas Data Systems work order system as a minimum qualification for administrative assistants in the Public Works department. This activity will be a key component in helping drive the Borough towards being a more data driven organization (see the Performance Management System section of this report, Recommendations 18 through 21). As such, proficiency should be non-negotiable.

Recommendation 52: Implement the use of the automated work order system.

Currently, when a non-trash related work order that is generated by resident complaint is completed, the resident is not followed up with

afterwards. While this is a minor issue, small customer service improvements dramatically improve the public perception of not only the Public Works Department, but also the Borough as a whole.

Recommendation 53: Adopt a policy of following-up on resident generated work orders within 24 hours of receipt of complaint. This is follow-up can be as simple as informing the resident that a work order has been generated and will be completed by an approximate date. This is in no way suggesting that all work orders are completed within 24 hours of generation.

The Borough of Pottstown operates a Geographic Information System (GIS) database. This can be a powerful tool for municipalities to track a wide range of information. This data can be used for asset management, work planning, policy analysis and general situational awareness. Effective management of a GIS is detail driven, requiring specific skill sets and training. Moreover, entering data into a GIS system to update mapping layers is a detail driven and time consuming enterprise. Currently, the Director of Public Works codes data layers into GIS. Work orders are not integrated into the GIS, nor are any data from Code Enforcement or Police. The director's time could be used in a more productive manner.

GIS maps are not updated when new water lines are installed, or when old lines are repaired. The operations supervisors do not have access to the existing GIS maps, even if they are not current. The Water Distribution Supervisor is forced to do the intersection drawing on paper and makes a copy that he submits to the Public Works administration. These drawings are never updated into GIS. If maps are not accurate, then there is no reason to maintain them. Not only is this time consuming and an inefficient use of their time, but it creates a system that allows maintenance data to exist on multiple platforms. This will invariably cause miscommunication.

Recommendation 54: Grant access to the GIS system to the Street and Water Distribution Supervisors, Police, and Codes Enforcement. This may require GIS training, as appropriate.

Recommendation 55: Update the GIS maps to reflect the work that has occurred in the field. If maps are not consistently accurate, then it is a waste of valuable resources to maintain them.

Recommendation 56: Consider opting into a regional GIS system that would share the cost of maintaining the system.

Recommendation 57: Assign management of the GIS system to a staff person or contract this work to a third party.

The Public Works Director also manages the Borough's intranet site. The existence of this site is not well known to employees. Traditionally, managing an intranet site is the job of a Human Resources professional who would place employee-related information as a convenience to staff.

Recommendation 58: Assign management of the intranet site to the Human Resources Coordinator. As the person responsible for administering employee benefits and assistance, the HR Coordinator is the most appropriate person to administer this site.

Public Works Garage

The Public Works garage is centrally located in Pottstown on a largely residential street that stretches through approximately two-thirds of the Borough.

The Beech Street garage does not meet the Borough's building code. It does not afford an acceptable area for employees to stage their work, nor does it contain adequate storage space. Garage bays do not accommodate the department's equipment for storage. While it is not uncommon for trucks and heavy equipment to be stored outside of a facility, it is a best practice to shield vehicles from the elements. This reduces avoidable wear and tear.

There is not a truck wash at the Public Works garage. The Public Works Director has previously reached out to the regional transportation agency in order to construct a joint-use facility for their respective buses and trucks. Unfortunately, locating funding was too difficult. In any incarnation, it is a best practice to have a wash that will rinse away road and salt residue from trucks and equipment. This staves off the corrosive effect of a season's worth of calcium chloride eating away at the hydraulics as well as the frames of these vehicles.

There is one salt storage facility in the Borough. It is attached to the Public Works garage and is directly adjacent to the vehicle staging area. It has the capacity to accommodate approximately 200 tons of salt. In an average storm event, the Borough may reasonably expect to use between 35 and 75 tons of road salt. In the case of a major snow event, this figure is obviously larger. The current arrangement is inadequate for the Borough's needs.

Recommendation 59: Investigate moving the Public Works garage to a more adequate facility. Coordinate with Recommendation 75.

Recommendation 60: Investigate the possibility of constructing a new salt storage bin. A 150 foot diameter dome with a 19,000 ton capacity will cost approximately \$100,000. With the capacity for Pottstown to purchase more salt per transaction, the Borough all but guarantees its residents that it will not run out of salt in a snow emergency.

Street Maintenance

Traditionally, the Public Works Department has been given fewer resources than necessary to adequately maintain the Borough's infrastructure. The department has adapted to this reality in the most effective manner possible, given the circumstances.

However, this lack of funding prevents the department from performing routine preventative maintenance that occurs in other communities. The work that crews complete is reactive rather than preventative. Attention has not been paid to long-term planning, largely because there is an understanding that the Council will not fund the initiatives laid out in a long-term plan.

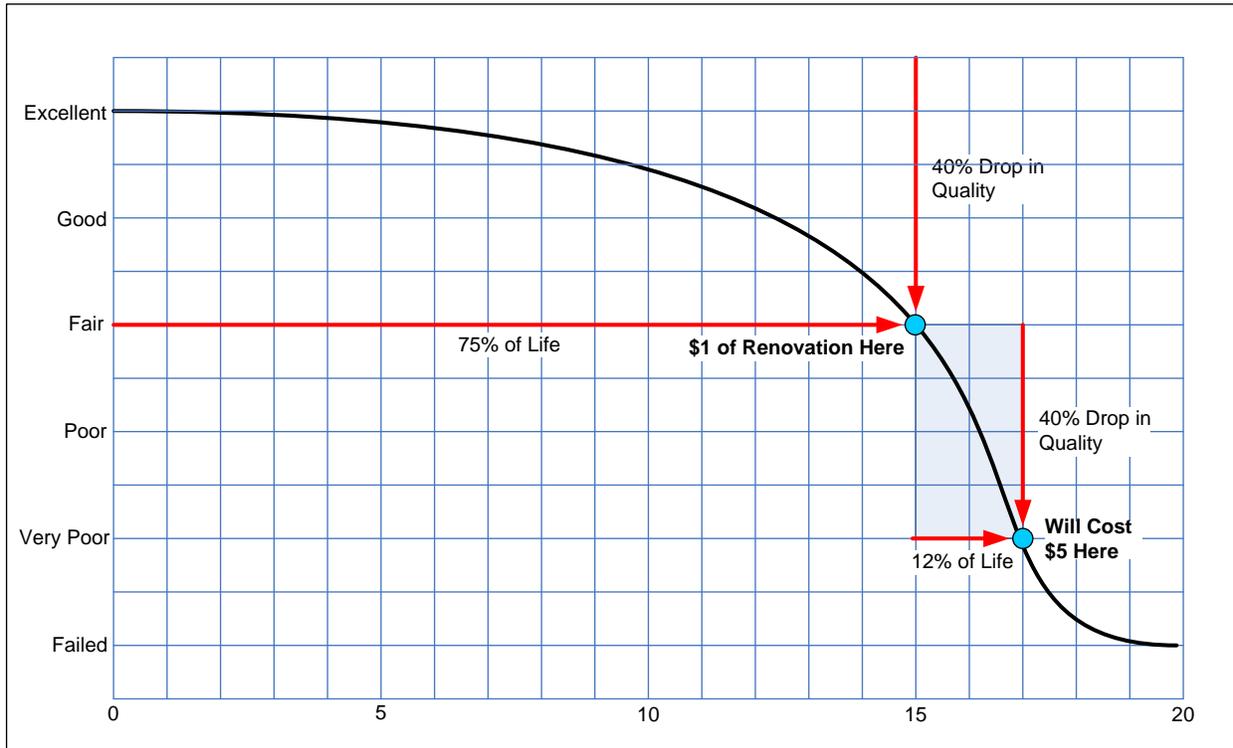
With the increased sophistication of work order tracking, an annual work plan can be drafted based on current infrastructure conditions and past work patterns. This is a definite need, based upon both Management Partners' interviews with department heads, as well as general observation of the Borough's infrastructure. There are approximately 70 miles of roadway within the Pottstown limits, 60 of which are Borough maintained and 10 of which are state roads maintained by the Pennsylvania Department of Transportation. According to interviews with the Public Works Director and the Supervisor for Street Maintenance, the only time a road is resurfaced is when a new water line is installed or when there is appropriate funding specifically designated for resurfacing. In 2008, that means there were three miles of road resurfaced in the Borough associated with water line replacement and an additional 2.4 miles resurfaced as a stand-alone maintenance action.

There are 130 miles of water line in the Borough Authority's system. The Government Accounting Standards Board has established useful life estimates for municipal infrastructure in order to better account for their depreciation. According to these standards, the useful life for the waterlines in the Borough of Pottstown may be anywhere from 25 to 75 years. If we assume that the Borough's infrastructure will last the average length of 50 years, then Pottstown would have to replace about 2.60 miles of waterline annually. Streets, on the other hand, have a much shorter useful life. While this can vary dependant on traffic type and volume and maintenance afforded, 15 years is a reasonable estimate.

Given that useful life, the Borough is not staying up to date with its maintenance obligations. Management Partners recognizes the financial stress that the Borough and other jurisdictions around the country, are

currently experiencing. But preventative maintenance and road replacement should be viewed as not only an investment in the quality of life experienced by residents of Pottstown, but also an effective means of cost avoidance. Figure 5 demonstrates the typical decline in infrastructure condition over a 20-year period.

FIGURE 5: PAVEMENT CONDITION AND POTENTIAL COSTS¹



By budgeting funds for maintenance and replacement, the Borough is actually reducing potential future expenditures by a factor of 5. Though this requires initial investment, it represents a considerable cost savings over the long term. Annual work plans, in coordination with a funded capital improvement plan, are indispensable tools in maintaining the infrastructure of the jurisdiction.

The use of an annual work plan is a best practice and can eventually reduce the net expenditure on maintenance because work will gradually become preventative in nature.

Recommendation 61: Use work order data to draft and implement an annual work plan.

The Borough of Pottstown does not regularly utilize the practice of crack-sealing streets as a way of preventative maintenance. Many communities have made this choice, but do so knowing that it is a choice that values

¹ San Francisco Bay Area Metropolitan Transportation Commission

aesthetics over function, as crack-sealing is a cost effective way to prolong the life of a street. Currently the Borough's current tar kettle is inoperable and the departments lack the staff availability required to effectively conduct this work. Those communities that make the choice not to crack-seal usually do so because they can afford to fund an aggressive street replacement schedule. This is not the case in the Borough of Pottstown.

Recommendation 62: Re-examine the Borough's policy regarding the funding of crack-sealing for street maintenance. Given the cost saving benefits of preventative maintenance, the Borough should examine all service options in order to extend the useful life of its infrastructure. Crack-sealing is an extremely cost effective activity. If work is done at the outset of diagnosed decay, an application may cost as low as \$2,500 per mile of road.

Recommendation 63: Institute an annual street overlay plan. The annual Liquid Fuels Tax is intended as a way to fund street maintenance. In 2009, this figure is \$400,000. This recommendation should be coordinated with Finance Department Recommendation 42 regarding sound fund accounting principles.

There is considerable trepidation around the prospect of new judicial rulings regarding curb cuts. On June 26, 2002 plaintiffs brought suit to challenge the City of Erie's practice of constructing, or altering city streets and sidewalks without installing accessible curb ramps at affected intersections

The recent ruling out of the United States District Court of Western Pennsylvania will not fundamentally alter the routine street maintenance programs of local governments throughout the commonwealth and nation. In an amicus curiae brief filed by the U.S. Attorney General, the plaintiffs state that "Municipalities violate title II of the Americans with Disabilities Act when they fail to install curb ramps during street and sidewalk construction and alteration."²

There is no language in the suit or ruling that indicates that routine scheduled maintenance action must be placed on hiatus or otherwise delayed. In fact, Title II of the ADA states that, "[Does not] (r)epuire a public entity to take any action that it can demonstrate would result in a fundamental alteration in the nature of a service, program, or activity or in undue financial and administrative burdens."

Indeed, curb cuts and repairs are only required at the time that an intersection of segment of road is being newly constructed or completely resurfaced.

² *Barrier Busters, et al. v. City of Erie Pennsylvania*, 02-203 E, (W.D. Pa. 2009)

The Pennsylvania Department of Transportation (PENNDOT) has issued a number of detailed updates regarding municipal and commonwealth roles and responsibilities regarding compliance actions. PENNDOT District 8 prepared and distributed an extremely useful update at the beginning of May 2009. This presentation may be found in Appendix 2 to this report.

Fleet Management

Of all the services that local governments provide, vehicle maintenance is one of those that is most easily compared to their private sector counterparts. As a result, there are clear performance measures and best practices that high performing organizations implement. These organizations, like their private-sector peers, are data-driven units that make informed decisions based on quantifiable metrics.

In the Borough of Pottstown, this is not the case. Like many organizations equal in size to Pottstown, the vehicle maintenance operation is managed through the experience of its employees. This reliance on institutional knowledge is acceptable in some smaller organizations; but the Borough's financial condition dictates that all options for cost savings be examined.

Management Partners had hoped to conduct a fleet utilization analysis as one element of this study. Fleet utilization analysis is a review of the current data regarding productivity, cost, and usage to make informed recommendations regarding the sale of surplus vehicles and implementation of management and operational efficiencies. During the course of field work, it became clear that the majority of data needed for a fleet utilization analysis was not known or not available. However, the Borough has done a good job of tracking simple measures such as annual utilization per vehicle and current odometer readings. The fleet replacement cost is unknown. Mechanic wrenching time is not calculated, nor is the average cost of repairs per department, model, and age of vehicle.

It is a management decision to implement the use of life-cycle costing. Currently, no Borough departments utilize this method of adding the original cost of a piece of equipment to its operating cost over the equipment's lifetime. Using an analysis like life-cycle costing gives an accurate depiction of the real overall cost of a purchase and allows you to make accurate and informed comparisons between vehicles and equipment. For example, a Sterling dump truck may represent a considerably lower initial expenditure than an International truck, but over the course of the vehicle's useful life, that may not be the case.

Recommendation 64: Institute the use of life-cycle costing on Borough vehicles and equipment.

To properly evaluate the effectiveness of fleet operations, an organization must establish and monitor performance measures based upon an agreed set of goals and criteria that can be benchmarked against fleet industry leaders. These performance measures along with other fleet information should be part of a reporting process that includes fleet customers and upper management.

The Mechanic and Waste Water Collections Supervisor track a limited number of fleet performance measures using a paper-based system. This data does not seem to be aggregated or analyzed after its collection. It includes the number of preventative maintenance repairs performed, number of service calls, total hours per vehicle and total number of repairs performed. Critical performance measures that are not being tracked include number of repeat repairs, average time to respond to road calls, vehicle time lost waiting for parts, and vehicle downtime.

Public Works does not currently produce a monthly report that tracks the Borough's fleet inventory, fuel and maintenance costs and miles driven by division, nor the limited number of performance measures mentioned above. Monthly usage reports should be prepared and distributed to each Borough division as well as management. Compared to best practices and privately-managed entities, Public Works generates an extremely limited array of reports.

Recommendation 65: Establish and monitor performance indicators to measure performance against industry and shop standards. See Attachment C of this report for a detailed list of fleet management performance measures.

Recommendation 66: Provide regular fleet information reports to management, department heads, and other stakeholders, including motor pool staff. See Attachment C for an example of a fleet management information report.

Currently, Public Works does not calculate or use a fully-burdened labor rate that includes all the actual costs of providing service. The fully burdened labor rate includes not only direct-costs such as salary and benefit, but also indirect-costs associated with providing this service, such as administrative support, utility cost and the cost of maintaining tools and equipment. The lack of an accurate charge-back system to fleet users has resulted in this not being necessary.

An advantage of a charge-back system is that it allows policymakers to know the full cost of various services. For example, police agencies are big users of fleet services and that represents a significant capital and operating cost for police service. If a significant component of police service expenditures are "hidden" in another organization budget, policymakers may come to different conclusions. To further illustrate, many jurisdictions review the cost of putting a sworn officer on patrol to

determine if they can afford additional police officers. If the cost of providing vehicle acquisition and maintenance for police officers is not evident and accurate, policymakers may conclude they can afford more service than they truly can.

To recover all costs associated with the provision of fleet services, Public Works customers should be charged a fully-burdened labor rate that includes salary and benefits plus all overhead as one component of a charge-back system.

Recommendation 67: Establish a charge-back system that will allow Public Works to capture the full cost of providing vehicle maintenance.

Recommendation 68: Calculate a fully-burdened shop labor rate that incorporates all maintenance overhead costs as well as technician productivity (wrenching hours). This will allow Public Works to properly charge user departments and better compare the competitiveness of the Borough's fleet operation against industry leaders.

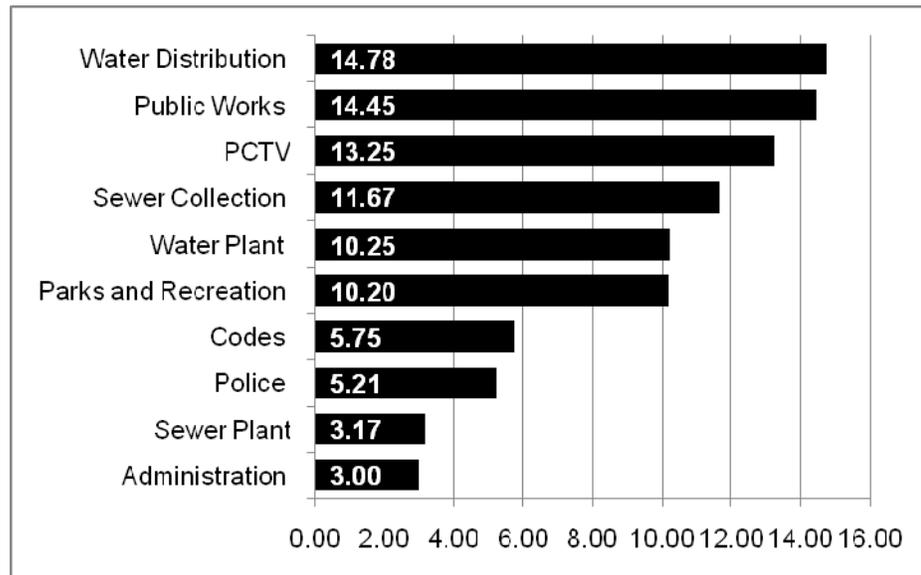
Once data is available and refined for analysis, Pottstown will be in a position to determine what aspects, if any, of fleet services are more economical to purchase from a vendor rather than provide with staff.

Recommendation 69: Evaluate the Public Works' competitiveness and potential for outsourcing 12 months after implementation of fleet recommendations.

The purpose of an in-house vehicle maintenance program is to provide an efficient, cost-effective alternative to private providers. At the present time however, Pottstown's vehicle maintenance program is not demonstratively competitive with commercial fleet providers.

The overall age of the operations fleet is distinctly older than the vehicle age utilized by other departments and divisions. This is a function of the constant underfunding of the infrastructure maintenance apparatus in the department. Figure 6 details the average age of vehicles in the entire Pottstown fleet.

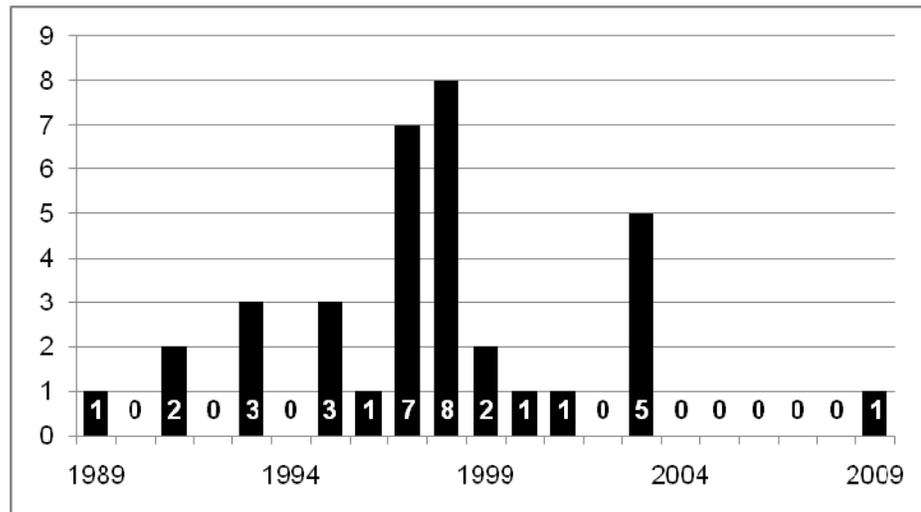
FIGURE 6: AVERAGE VEHICLE AGE IN YEARS BY DEPARTMENT IN BOROUGH OF POTTSTOWN



With the exception of PCTV, the local public access station, the three departments with the oldest vehicles are the Borough's operations departments. It should also be noted that a roller from 1960 and a tractor from 1966 maintained by the Highway division and Water Distribution, respectively, were omitted from this analysis.

The urge to underfund a vehicle replacement schedule is understandable. Many jurisdictions look at the things that can be easily jettisoned from a tight budget and immediately look at vehicles, thinking that they can just keep them running for another year. Jurisdictions avoid establishing an annual replacement schedule, opting instead to purchase many vehicles in a single batch. This places a significant strain on the annual budget of that given year. Thus, the prospect of purchasing new equipment and vehicles becomes more and more daunting as more vehicle replacements have been deferred. Figure 7, which details the year of purchase for vehicles currently in use within the operations divisions, clearly indicates that the Borough does not utilize an annual vehicle replacement schedule.

FIGURE 7: ACTIVE OPERATIONS VEHICLES YEAR OF PURCHASE



There has been one new vehicle purchased since 2003. The 15 vehicles purchased in 1997 and 1998 will eventually need to be replaced, and it would be much more fiscally manageable to phase those purchases in over time, rather than attempt to replace them on the whole.

Recommendation 70: Develop and implement a vehicle replacement schedule. This will require fiscal discipline and administrative courage. A reliable figure for a replacement dump truck would be \$99,702. The Borough should start by replacing at least one of the aging vehicles per year.

Water Distribution

Currently, the Water Distribution division is responsible for all water line maintenance as well as water meter reading. There are 130 miles of water line that are maintained by the division, along with seven active storage tanks and six pump stations throughout the Borough.

There are certain routine activities that most divisions complete on a routine schedule, such as: backflow prevention, valve exercising and leak detection. Management Partners’ field work indicates that in order to effectively exercise valves, additional valve exercisers would be necessary and the division does not have the personnel capacity to conduct backflow prevention.

Currently, the Borough has an ordinance that prohibits cross connections and requires all commercial and industrial services to have backflow prevention. Testing for backflow is very difficult to do and not done with any frequency. Another complication to backflow prevention would be the general age of commercial and industrial facilities within the Borough. The abdication of backflow prevention is in violation with United States Environmental Protection Agency (EPA) and Department of

Environmental Protection (DEP) regulations and opens the Borough up to significant liability. Given the fragile state of the Borough's finances a consent decree from the EPA could be ruinous.

The Borough contracts with a third party leak detection company once a year to inspect the entire water system for leaks. This process generally takes three weeks to finish. All reported leaks are investigated through the use of geophones and electronic amplifiers. When a leak is confirmed, it is usually repaired within 48 hours. The division has repaired approximately 10 leaks so far this year. The primary avenue of proactive leak detection is the informal inspections made as the crews read water meters.

Recommendation 71: Negotiate with the Borough Authority to fund an additional water distribution employee in order to create the personnel capacity to conduct necessary backflow prevention. This will represent a total compensation investment of approximately \$55,000 annually. This person could also serve as a general purpose "swing" person to assist waste water collections.

Stormwater Management

The Borough of Pottstown currently does very little in the way of stormwater best practice management. The EPA publishes a menu of best management practices that are applicable to a jurisdiction that operates a separate municipal storm sewer system, otherwise known as an MS4. A separate storm sewer system includes ditches, curbs, gutters, storm sewers, and other collection and conveyance systems that do not connect directly to a waste water treatment plant. The Borough of Pottstown owns or maintains approximately 1,300 storm inlets and 60 miles of storm drain pipe. A list of relevant best management practices may be examined in Appendix 3 to this report.

These EPA best management practices are a way for jurisdictions like Pottstown to avoid finding themselves in violation of the National Pollution Discharge Elimination System (NPDES). The Borough is located in EPA Region 3, which has a history of vigorous enforcement, due in large part to its proximity to the Chesapeake Bay watershed. Primary enforcement of NPDES regulations are the purview of the Pennsylvania Department of Environmental Protection Bureau of Water Standards and Facility Regulation. Enforcement began in what was referred to as EPA NPDES Phase I. Issued in 1990, this required medium and large cities or certain counties with populations of 100,000 or more to obtain NPDES permit coverage for their stormwater discharges. Phase II, issued in 1999, requires regulated small MS4s in urbanized areas, as well as small MS4s outside the urbanized areas that are designated by the permitting authority, to obtain NPDES permit coverage for their stormwater discharges. Appendix 4 is an EPA map of urbanized areas in and around

Berks and Montgomery County, Pennsylvania. Pottstown is covered by this designation.

Storm sewer maintenance and street sweeping are funded by General Fund revenues. There is no existing stormwater utility so there is no direct cost recovery.

Effective stormwater management is an enormously expensive undertaking involving both operational and capital programming. Tax funding of stormwater management is unrelated to the cost of service and disproportionately attributes program costs based on property valuation rather than contribution to runoff. Stormwater utilities are a best management practice adopted nationally to allocate the program and capital costs equitably.

Recommendation 72: Define and implement best management practices for stormwater management throughout the Borough. Adoption of best management practices should be the cornerstone of any stormwater management program. Adopting these practices will require changes to policies, procedures and ordinances. Assign the full cost of stormwater management activities to the appropriate budget.

Recommendation 73: Implement a stormwater utility that includes funding for stormwater management activities and support functions. Stormwater utilities have been in existence as a finance mechanism for decades and have become a best management practice for generating adequate revenues and for allocating expenses on a cost of service basis to customers.

Waste Water Collection

There are over 70 miles of waste water collection pipes underneath the Borough of Pottstown. According to interviews with the Collections Supervisor and the Utility Coordinator, 80% of this system is original – meaning that it is the same sewer line that was initially laid when a Borough-wide waste water system was originally adopted. At the time of Management Partners’ interviews, there was only one full-time employee assigned to waste water collections. Since that time, the Director of Public Works has merged this employee into the Streets Maintenance division, along with the responsibility to maintain sewer line infrastructure. Management Partners agrees with this move because best practices indicates at least three people should be assigned for work when in the right-of-way, with at least one person conducting traffic control.

The supervisor has identified maintenance trouble spots, and schedules work around these areas at least once every three months. There is intermittent use of televising. Televising sewer lines is an effective way to determining the condition of a sewer line in real time. This practice can

identify cracks, breaks and deterioration, as well as any potential blockages. Of particular importance, it allows for detailed diagnosis without the need for excavation, thus saving time and money.

Televising is conducted with a movable camera that is lowered into a sewer line through a manhole. The camera is attached to a cable that runs back to a television vehicle where waste water employees can control the camera's movement and direction, as well as record a visual image of a sewer line's condition. Usually, the cable allows the camera to travel as far as 500 feet down a sewer line before it must be moved to another manhole further along the line. Cameras can often be fitted with a variety of attachments that will allow it to travel easily through different kinds of line.

The Pottstown television van and equipment are not sufficiently operational. The robotic camera has limited mobility. As a result, it can only travel 60 feet at a time in any sewer line. This makes televising lines prohibitively slow.

Recommendation 74: Invest in a new sewer line television camera. By equipping the Public Works Department with the tools necessary to conduct preventative maintenance, the Borough will be saving itself greater expenditures down the road. This can cost between \$400 and \$1,200. Management Partners recognizes that the preferred course of action would be to replace the entire camera system and van (as a cost of approximately \$45,000 and \$130,000), but that is not a feasible option for the Borough at this time.

Structural Changes

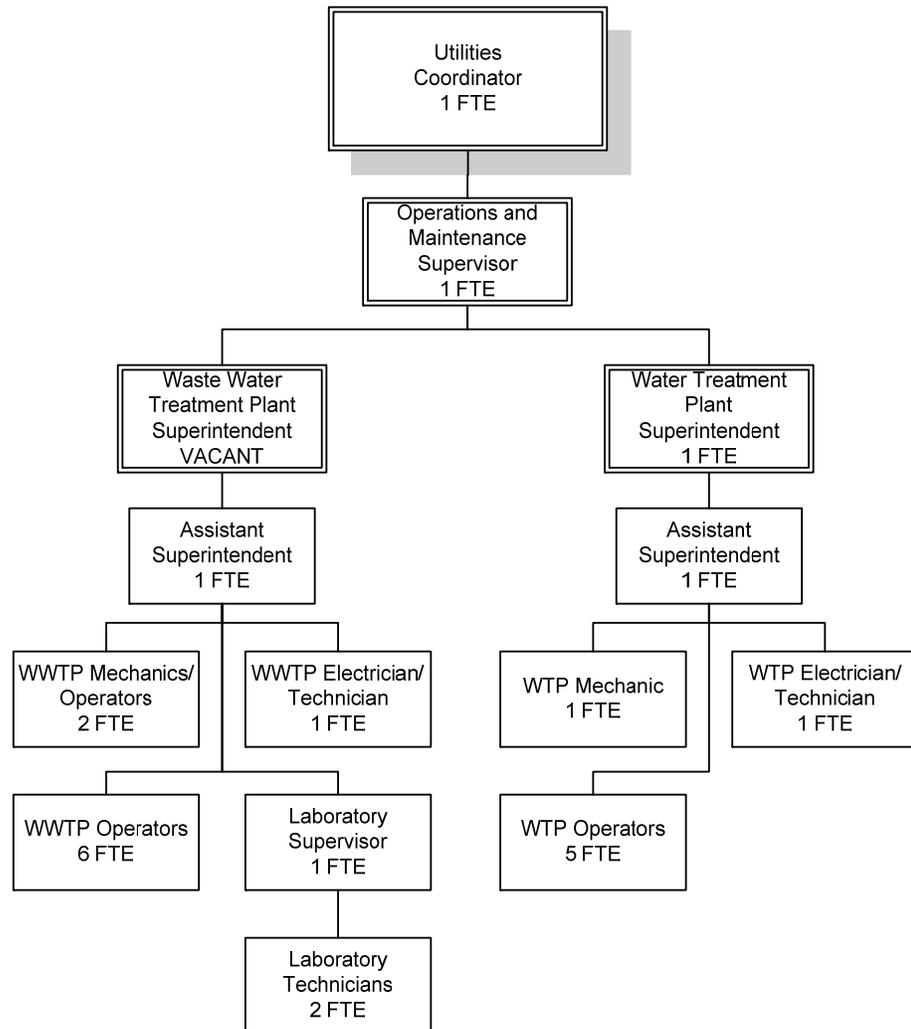
During the week of April 20th, it was announced that the Borough Authority would be reorganized. The new structure has the former superintendent of the waste water treatment plant being named as the Utility Coordinator. This new position will supervise both the water and waste water treatment plant for the Borough Authority.

This change came as a result of a Pennsylvania Department of Environmental Protection (DEP) evaluation of the Borough's utility management. The DEP began its review due to an unreported water main break in 2006 that caused an elementary school to close.

The DEP found that the Borough Manager had too much responsibility between supervision of the Borough and the Authority. Thus, the Borough Manager divested direct management of the utility operations to the Utility Coordinator.

The organizational structure of the Borough Authority may be examined in Figure 8 found below.

FIGURE 8: CURRENT BOROUGH AUTHORITY STRUCTURE



The Borough of Pottstown currently has 25 employees ensuring that the water and waste water of Pottstown and its customers is safe and reliable.

The Water Fund and Sewer Fund are projected to have revenues of approximately \$5,789,618 and \$8,567,379 respectively in FY 2009. The location of the waste water treatment campus off of Industrial Highway affords convenience to trucks entering and exiting the facility. The facility has excess land capacity for future settling and aeration basins.

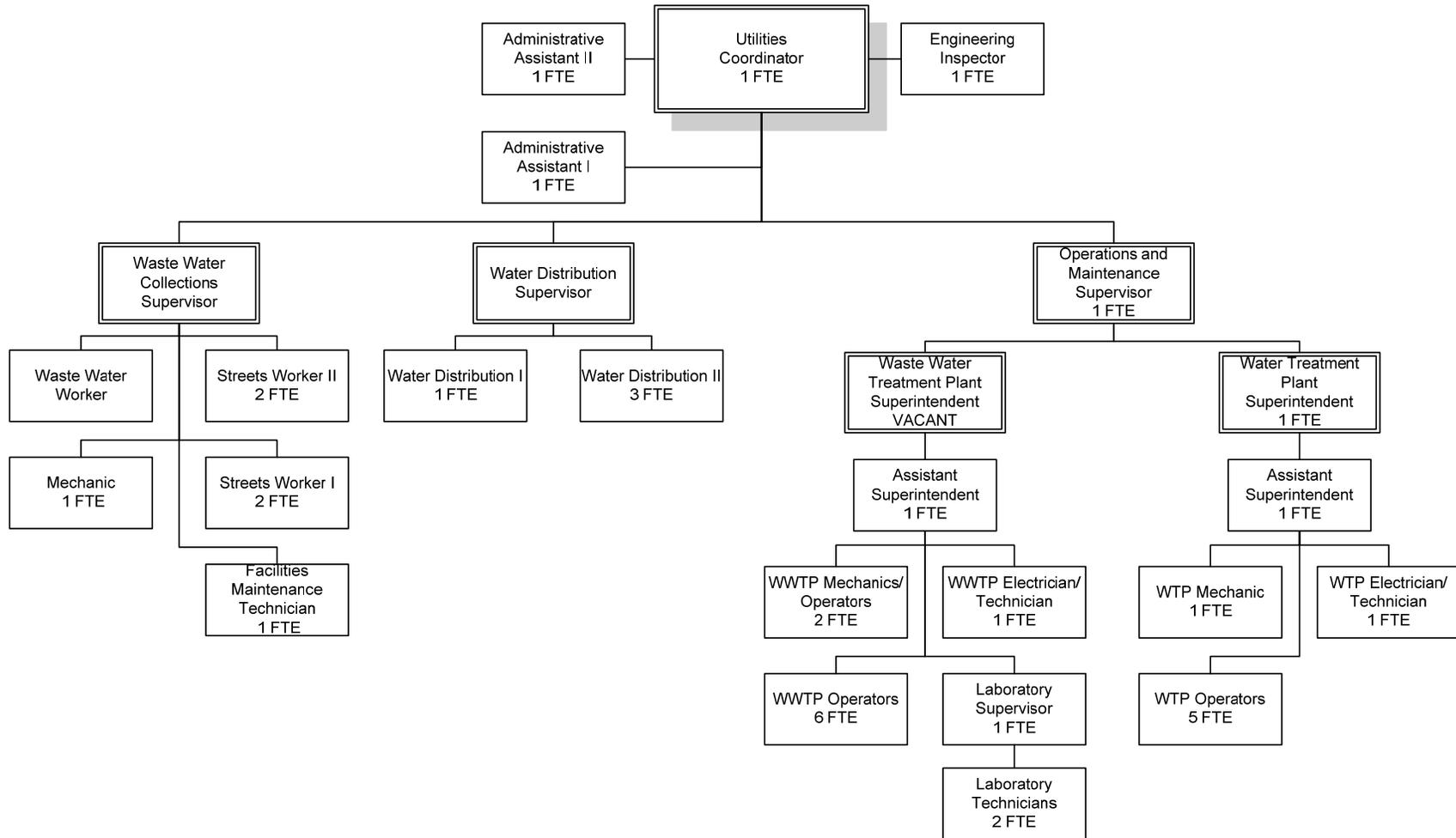
Management Partners recommends the merging of Public Works and the Borough Authority into a Department of Infrastructure Maintenance to more effectively address the maintenance needs of both the Borough and Authority. Public Works has been traditionally funded in a manner that would allow for routine maintenance to occur. According to the Public Works Director the grant application process is a partnership between his office and that of the Assistant Borough Manager's office. By examining

the financial analysis conducted in the course of this project, it is apparent that this collaboration has failed as evidenced by the lack of submitted and pending applications for state and federal grant funding. While the department has indicated that it has created annual work plans based on work orders, inspections, age of infrastructure, and resident complaints, these works plans were not made available to Management Partners during the course of the analytical phase of this project.

While it may be that the majority of the work between the Water and Waste Water divisions does not directly impact the day-to-day operation of the plants, there is a clear synergy of goals and regulator compliance. Coordination between the work of the Water Distribution and the Water Treatment plant already exists. Along with the merging of Waste Water Collections with the Street Maintenance crew and a shared deployment location, it makes logistical sense to house these functions under one organizational structure.

Figure 9 represents the revised organizational structure.

FIGURE 9: STRUCTURE OF THE PROPOSED DEPARTMENT OF INFRASTRUCTURE MAINTENANCE



Under this proposed structure, the operations supervisors for Water and Waste Water collections would report directly to the Utility Coordinator. This model also assumes that with the merging of the maintenance and treatment functions, vehicles and equipment will be housed in the same location. Based on interviews with the current Utility Coordinator, even with the addition of increased sewer treatment infrastructure, there will be enough additional land on the campus to reasonably accommodate a new garage. However, this move would place the majority of the Borough's infrastructure maintenance equipment within the 100 year flood plain. There have preliminary discussions and speculation regarding the purchase and use of the land adjacent to the current waste water treatment plan. This parcel has been used in the past as a landfill. This will make the construction of any potential facility an uncertain venture,

Recommendation 75: Conduct phase I and II environmental assessments to determine the feasibility of relocating the Public Works garage to the wastewater treatment facility property. If it is not geologically or environmentally sound, the contemplation of this site should be scuttled.

The administrative support for the operations will be moved to the Infrastructure Maintenance campus off of Industrial Highway. Considering there is no existing administrative support for water or waste water treatment, this move represents an increased capacity for public outreach and education. Both of which are key components of the EPA Best Management Practices referenced in Recommendation 72 and in Appendix 2. This will allow Pottstown to work towards compliance without adding additional staff.

This model also assumes that the Public Works Director's responsibilities will be shifted to the Utility Coordinator and the administrative support staff of the newly formed department.

Recommendation 76: Merge the Public Works and Borough Authority under the sole direct supervision of the Utility Coordinator.

Recommendation 77: Change the name of the Borough Authority to the Department of Utilities Infrastructure.

Recommendation 78: Eliminate the position of Public Works Director. This will represent a cost savings of \$94,388.

Code Enforcement

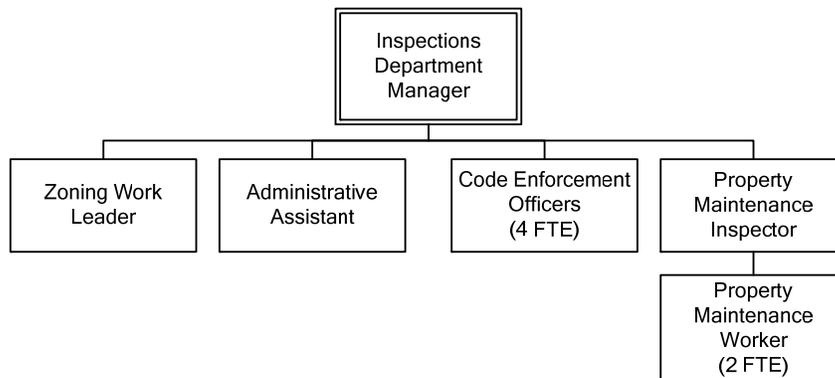
The Code Enforcement Department, which operates under a 2009 budget of \$479,658, is responsible for development plan review, building plan review, rental and property transfer inspections, and property maintenance/nuisance violation inspections. The department is staffed with a total of 11 full-time employees, including an Inspections Department Manager.

Of the 11 departmental employees, four are Code Enforcement Officers (CEOs), two of which are responsible for reviewing and issuing building permits and completing relevant building inspections. The other two CEOs are responsible for rental property inspections and property transfer inspections and other property maintenance enforcement responsibilities as required.

The department also operates a “Clean and Lien” program, which is designed to beautify the Borough and reduce neighborhood blight by proactively addressing nuisances such as tall grass, litter, etc. Residents and/or property owners are billed a rate of \$29.75 per hour per maintenance worker for all work completed under the auspices of the Clean and Lien program. The Clean and Lien program is staffed with one full-time Property Maintenance Inspector and two full-time Property Maintenance Workers.

The development plan review function is staffed by one full-time Zoning Work Leader and one full-time Administrative Assistant. Together, these two positions manage plan review intake and processing and process permit fees and changes in ownership/tenants. In 2008, the plan review unit processed 11 commercial development plans, one commercial architectural review, seven residential development plans, and 31 residential architectural reviews. Figure 10 details the current Code Enforcement Department organizational structure.

FIGURE 10: CODE ENFORCEMENT DEPARTMENT ORGANIZATIONAL STRUCTURE



Analysis and Recommendations

Management Partners' review of the Code Enforcement Department indicates that the department has implemented a number of best practice programs that many jurisdictions have not implemented, including a rental inspection and property transfer inspection program. These programs can have a high level of impact on neighborhood blight and give the Borough the tools to take a proactive approach to code enforcement.

However, while the department has adopted some best practice approaches to code enforcement, field work suggests that the department is not as proactive in the area of code and property maintenance enforcement as its programs allow. As such, there are a number of additional actions that can be taken to improve department management and operational effectiveness.

Customer Service

One of the common themes in Management Partners' interviews was a concern regarding the level of customer service in the Code Enforcement Department, especially as it relates to code interpretation. Code enforcement departments are in the sometimes unenviable position of forcing people to do things they do not want to do – property repairs – and often at cost. As a result, a natural tension can exist between code enforcement personnel and its customers.

However, that natural tension does not preclude employees from the vital responsibility of providing high quality customer service. In any circumstance where there is an interpretation of law, there are going to be disagreements in how that law is interpreted and applied; and while residents can be unpredictable in how they react to these various interpretations, Borough employees can and should strive towards predictability in both their interpretations and demeanor.

Customer service and respect should be at the heart of any interaction that occurs with a resident and customer.

Recommendation 79: Develop a customer service training program that can help code enforcement personnel, and other Borough employees, provide outstanding customer service and learn to effectively deal with difficult customers. Coordinate with HR training recommendations.

Workload Data and Performance Metrics

Management Partners' interviews indicate that key workload and department performance data is poorly tracked and, as a result, management and staffing decisions are made without the benefit of quantitative data. While the department has established some internal standards, the department does not track core performance metrics

relating to plan reviews or inspections, such as average plan review turnaround time or inspection process time and, as a result, has no way to objectively evaluate program outcomes.

Department inspections staff track raw data in paper manuals and notebooks, but even this data is not tracked in a consistent manner from one employee to the next. This information is filed and available for analysis, though understandably this analysis does not occur because it is too onerous to filter through each daily log to identify trends.

The reason most commonly cited by staff for tracking data in paper logs and notebooks is to have documented evidence should there be an issue with a prior plan review or inspection. The real value of collecting core workload and performance metrics data is not simply to maintain evidence, but to inform daily management and evaluate program outcomes using objective methods. Data tracked in paper logs cannot be used in this way as it is exceptionally difficult and time consuming to aggregate and identify trends. The department has requested electronic inspection notebooks to digitize information collection and improve efficiency, but budget constraints have precluded implantation. However, the restriction must not inhibit the department's efforts to implement a performance measurement program.

Recommendation 80: Develop a family of Code Enforcement Department performance measures that enable the department to objectively track and analyze program outcomes and efficiency. Attachment B provides several examples of planning and code enforcement performance metrics that are utilized in other jurisdictions.

Developing a set of measures to analyze program outcomes is the first and, some would argue, simplest step in developing an effective performance measurement system. The measures themselves are useless without an effective and practical method of collecting and analyzing data.

Dallas Data Systems offers the Permit N Force code enforcement module, which is currently utilized to a small degree by the Code Enforcement Department. This system is able to sort events by property address, type of action, date of action, inspector and property owner; and performance measurement reporting can be incorporated into the system. Moreover, once the system is up and running, inspectors will be able to utilize handheld inspection notebooks that can be used to enter inspection data in the field and automatically upload said data into the codes system. This will increase inspector efficiency by reducing the amount of time required for inspection result data entry, allowing for more time in the field completing inspections.

Recommendation 81: Coordinate with Dallas Data Systems to fully implement the Permit N Force code enforcement module which has already been purchased by the Borough.

In order to take full advantage of the model, it is imperative that Code Enforcement staff be trained on the use and function of the system and that, once training has been completed, staff be held accountable for utilizing the system in accordance with department policy and protocol.

Recommendation 82: Train Codes Enforcement Department staff on the use of the Dallas Data Systems code enforcement module.

Enforcement

The defining goal of Pottstown code and nuisance enforcement staff, as with most municipalities, is the enforcement of Borough property ordinances. To achieve this goal, staff inspect targeted properties, either through self-initiated activity or in response to a specific complaint, and issue citations to those property owners who do not comply with established Borough ordinances.

As is the case in many jurisdictions, many of the individuals cited are repeat offenders—those with a chronic history of violating the Borough's property ordinances. Inspectors intuitively know which offenders are new and which are repeat offenders. As a result, inspectors are less likely to give repeat offenders an opportunity to rectify a problem before a citation is issued.

However, the Borough was unable to provide a list of repeat offenders, as they do not track that data. This is partly because there is no business incentive to do so; fines for repeat offenders are the same as those levied against first-time offenders. It is a commonly applied best practice to institute an escalating fine structure for repeat property code violators.

Recommendation 83: Develop an escalating fee structure for repeat property code violators. This would include an initial fine amount as well as daily fine for each day the violation remains uncorrected. The amount of the fine should account for all staff time and overhead required for inspections and be large enough to deter repeat violations.

Recommendation 84: Track repeat offenders through the electronic code enforcement system. This data must be available to inspectors in the field.

Cost Recovery

The Code Enforcement Department is a self-sufficient department, meaning that they generate more in revenue than they produce in expenditures. A high-level review of the Code Enforcement fee structure indicates that the fees charged to customers for inspections, plan review, and licenses are structured to cover the personnel cost and administrative overhead associated with providing those services. This is a code enforcement best practice as it ensures that those profiting from developments, and those violating property maintenance ordinances, are responsible for the cost of their actions. In other words, it ensures that the public is not paying for a private good.

However, it is not a common practice in the Code Enforcement Department to regularly review and analyze the component costs of each program (labor, fuel, supplies, overhead, etc.) and develop a departmental fee structure that ensures the department breaks even from year to year. The department's fiscal solvency is, in fact, more closely the result of the 2009 budget process, where fees were reviewed for the first time in several years and were increased accordingly.

Recommendation 85: Adopt a policy of full cost recovery for plan review and code enforcement programs.

Recommendation 86: Complete annual analysis of departmental cost recovery and revise the fee structure as appropriate to ensure full cost recovery in the Codes Enforcement Department.

Rental Inspections and Property Transfers

As mentioned above, the CEOs are responsible for both property transfer inspections and rental property inspections. Property transfer inspections must be completed before a property can be transferred from one owner to the other. The department relies on the realty community and the buyer and seller to ensure that property transfer inspections are completed before closing can take place.

To ensure that inspections take place with each transfer in ownership, the Code Enforcement Department reviews monthly real estate purchase data, which is provided by Montgomery County, and cross-references that data with property transfer inspection data. This practice helps to ensure that no property transfers fall through the cracks.

Rental property inspections are required to be completed upon transfer of a tenant. As a result, years can lapse between rental property inspections, negating the value of the program. Moreover, the department relies upon the property owner to notify the department if there is a change in tenant. In other words, there is no mechanism in

place to ensure that rental properties are inspected per the requirements of the rental inspection ordinance.

Recommendation 87: Coordinate with the Pottstown Finance Department and local utility companies to establish a system that notifies the Code Enforcement Department when the name on a property-based utility account is altered. This can be used to trigger rental property inspections.

Recommendation 88: Revise the rental inspections program to require annual inspections.

Implementing the recommendation above will require a complete inventory of the rental properties in Pottstown. Currently, the department relies upon the initiative of property owners to register their rental properties. Given that this designation comes with an annual fee, many rental property owners have not registered their property. It is incumbent on the Code Enforcement Department to be proactive in its efforts to account for each rental property in Pottstown. This not only ensures adherence to Pottstown ordinances, but ensures that department customers are all treated equitably.

Recommendation 89: Complete a bi-annual inventory of Pottstown rental properties.

Building Inspection Staffing Levels

The department is staffed with four Code Enforcement Officers who are responsible for building plan reviews and inspections for both residential and commercial/industrial buildings; however, due to the low level of development (only seven residential and 11 commercial plan review projects were submitted in 2008), they are primarily responsible for rental and property transfer inspections. CEOs are cross-trained to perform either property transfers or rental property inspections.

To complete a thorough staffing analysis, it is important to have a good understanding of departmental workload. To gather workload on rental and property transfer inspections in the Borough, Management Partners asked the Code Enforcement Department to review the 2008 inspector logs and calculate the number of inspections by type that were completed throughout 2008. Using that data, we were then able to apply estimates provided by the department regarding the average number of minutes per inspection to determine how many hours per month are expended completing inspections. The results of that analysis indicate that, on average, the four inspectors spend a total of 125 hours per month, or approximately 1,500 hours per year completing inspections. This calculation is detailed in Table 33.

TABLE 33: TABULATION OF 2008 RENTAL AND PROPERTY TRANSFER INSPECTION WORKLOAD

Property Transfer Inspections	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Commercial	7	0	0	0	0	3	3	3	2	4	0	5
Residential	30	46	29	50	32	44	37	44	38	29	29	25
Residential/Commercial	0	3	3	2	1	1	2	0	1	0	0	0
Total Transfer Inspections	37	49	32	52	33	48	42	47	41	33	29	30
Hours Completing Inspections (60 Minutes per Inspection)	37	49	32	52	33	48	42	47	41	33	29	30
Travel Time Consumed (20 Minutes Per Inspection)	12.21	16.17	10.56	17.16	10.89	15.84	13.86	15.51	13.53	10.89	9.57	9.9
Total Time Expended - Transfer Inspections	49.2	65.2	42.6	69.2	43.9	63.8	55.9	62.5	54.5	43.9	38.6	39.9
Rental Property Inspections	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Rental Property Inspections	103	85	84	77	86	95	105	89	105	93	57	79
Hours Completing Inspections (30 minutes per Inspection)	51.5	42.5	42	38.5	43	47.5	52.5	44.5	52.5	46.5	28.5	39.5
Travel Time Consumed (20 Minutes Per Inspection)	33.99	28.05	27.72	25.41	28.38	31.35	34.65	29.37	34.65	30.69	18.81	26.07
Total Time Expended - Rental Inspections	85.5	70.6	69.7	63.9	71.4	78.9	87.2	73.9	87.2	77.2	47.3	65.6
Grand Total	135	136	112	133	115	143	143	136	142	121	85.9	105

Having identified the number of hours that CEOs spend each month completing inspections, we can then divide the average number of field hours available per month of 110 hours (22 working days per month multiplied by an average of 5 hours of field work per day) by the number of hours spent completing inspections per month to estimate the appropriate number of inspections staff. Table 34 details the analysis which demonstrates that property transfer and rental inspection workload dictate no more than 1.36 full-time equivalent (FTE) CEO positions.

TABLE 34: CEO STAFFING NEEDS ANALYSIS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Inspection Time Per Month	135	136	112	133	115	143	143	136	142	121	86	105
Number of Work Days Per Month	22	20	21	22	21	21	22	21	22	23	20	21
Number of Field Hours Per Day	5	5	5	5	5	5	5	5	5	5	5	5
Total Available Field Hours Per Month	110	100	105	110	105	105	110	105	110	115	100	105
Number of FTEs Required to Meet Inspections Workload Demand	1.22	1.36	1.07	1.21	1.10	1.36	1.30	1.30	1.29	1.05	0.86	1.00

Management Partners field work indicates that there are peripheral responsibilities performed by Code Enforcement Officers, such as follow-up calls and on-site customer service. However, data regarding these activities was unavailable. Moreover, the amount of time that such activities absorb on a daily basis cannot be presumed to justify maintaining four full-time Code Enforcement Officer positions when primary workload demand calls for less than 1.5 FTE.

Another important factor that must be taken into account when determining Code Enforcement Department staffing levels is certifications. The State of Pennsylvania requires that inspectors obtain a series of certifications to perform residential and commercial building inspections. Each Pottstown inspector, save one, has obtained the appropriate certifications. As this is a minimum requirement to perform the duties of a CEO, the non-certified position should be eliminated. Workload-based staffing needs do not justify backfilling the position.

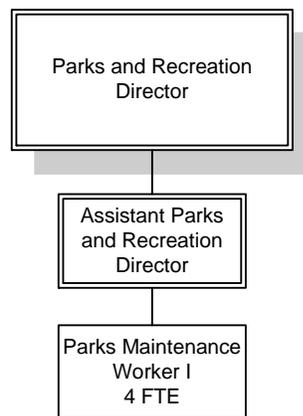
Recommendation 90: Reduce Code Enforcement CEO staffing by one full-time position. This will result in an annual savings of \$61,225.

It is also important to note that many jurisdictions contract for the functions performed by the Codes Enforcement Department. It is routine to contract for inspections during peak construction times, and many jurisdictions find it more palatable to contract property/nuisance inspections as well. Contracting the entirety of code enforcement could be a viable option in the future and worthy of further exploration in the event that the Borough determines contractors can provide the services at the same or improved level of service rendered by the Code Enforcement Department.

Parks and Recreation

The Pottstown Parks and Recreation Department consists of a Director and Assistant Director who are supported by four maintenance personnel who are members of AFSCME. The department has a 2009 annual budget of \$948,763, which represents a slight 1.68% decrease from the department's 2008 budget. The current organizational structure of the department may be examined in Figure 11.

FIGURE 11: CURRENT PARKS AND RECREATION ORGANIZATIONAL STRUCTURE



In addition to the six full-time employees, the department employs 15 to 25 high school and college-aged persons to help run the summer day camps that the department hosts. Class instructors are considered independent contractors and are not Borough employees. This is a best practice.

The Parks and Recreation Department is a relatively new addition to the Borough of Pottstown. Until July 2005, the whole of the parks and recreation operation was housed in and operated from the Pottstown School District. After July 1, 2005 the employees were transferred to the

Borough government. While the department is part of the Borough organization, the department is not subsidized by the General Fund. In fact, the department finances its operation all within the confines of its 0.7940 mill tax levy and a successful grant funding program.

The department has been successful in 11 of the 12 most recent grant applications. These grants, worth \$1,788,500, fund the spray park, Memorial Park, the World War II memorial, the Manatawny Gateway and sundry other smaller park improvements. Given the department's prowess at attaining grants, they are well ahead of schedule in the implementation of the Parks Master Plan and, as a result, the community is fortunate to have a well-developed park system that they can take pride in.

Though Parks is now a Borough department, they still depend on the School District for office and program space. The School District is allowing the Parks and Recreation Department to use its space for storage as well as administrative and program activities free of charge to the Borough; this generosity is set to expire in 2009.

The department offers 400 unique programs annually to residents and non-residents of all ages, maintains a zero-depth splash pool, as well as a number of active and passive recreation spaces that represent approximately 90 acres of parkland within the Borough of Pottstown.

New for this year is the construction of a miniature golf course that will be a source of revenue for the department. The Parks and Recreation Director estimates that approximately 20,000 rounds of golf will be played for estimated net revenues of \$50,500. This is an exciting new project for the Borough that will add an additional recreation opportunity.

In short, the department has a great deal to be proud of. They are making great strides in the implementation of the Parks Master Plan, are immensely successful at attaining grants, and offer a diverse and rich series of recreation programs.

However, in the spirit of continuous improvement, Management Partners has identified a number of management and operational improvements that can elevate the department to the next level of success.

Analysis and Recommendations

Administrative Facilities

While the current space arrangement has worked for the Borough, the School District has decided that it needs to use the administrative and storage space that is currently being utilized by the department. The Pottstown School District has notified the Parks and Recreation Department that they will be removed from the school facility in December of 2009.

The Montgomery County Planning Department has granted the Parks and Recreation Department approximately \$705,700 in the form of two grants intended for the purchase of land for the Manatawny Gateway Park, as well as the construction of “green infrastructure,” trails and passive recreation options. As a condition of the grants, Montgomery County Planning requires that the Parks Department be relocated into the Borough-owned building currently being used for storage.

When Management Partners conducted follow-up meetings in early April, it became clear that the department had not yet moved from their current location. While there has been discussion regarding the repurposing of the Borough-owned building, there has been no action. No alternative sites have been identified.

The process of moving an entire department is a considerable undertaking. The Parks and Recreation Director has reservations about moving to an interim facility because institutional momentum may be lost, and the move to a permanent facility might become indefinitely postponed.

Recommendation 91: Relocate the Parks and Recreation Department into a permanent location. The Parks and Recreation Department has a need for permanent office space and the Borough has a responsibility to assist the department in this endeavor.

As mentioned above, the Parks and Recreation Department is a highly visible and well thought of department by the community. Moreover, it is generally accepted that recreation and parks can be positive economic engines for communities.

Recommendation 92: Designate the Parks and Recreation Director as a member of the Borough’s Economic Development Committee.

Recreation Services

The Parks and Recreation Department produces and distributes a newsletter every three to four months that highlights upcoming programs. It also advertises these opportunities on its website. According to interviews, the website, maintained by Ridge Support Technologies, is often outdated or contains information contrary to the information that Parks and Recreation has passed along to be posted. Management Partners can confirm this based on perusal of the internet site. Information concerning Fall 2008 programming is still posted on the Borough’s internet site, with no mention of any anticipated summer programming.

Recommendation 93: Coordinate with Ridge Support Technologies to ensure that up-to-date program and registration information is conveyed to the general public.

Residents are not able to register for classes on-line, even though they are able to pay their utility bills in this manner. While this may seem like a minor inconvenience, more than two-thirds of all transactions that take place within the U.S. are electronic funds transfers³.

Recommendation 94: Conduct a cost benefit analysis on the offering of on-line registration and payment processing for recreation programs. The Borough should acknowledge customer preference by considering this option. This would also bolster the Department's data collection process by automating this activity.

The Parks and Recreation Department sells Pennsylvania Recreation and Park Society (PRPS) discount tickets to the public. The PRPS distributes over 100,000 reduced-price amusement park and ski area tickets to local recreation and park agencies through the Community Service Discount Ticket Program. Currently, these tickets must be purchased at the Parks and Recreation Office. The Parks and Recreation Department receives a small portion of the profits from these sales.

Because this is a new venue, there are concerns about appropriate staffing levels, potential workload and establishing appropriate internal controls. Eventually, the Parks and Recreation will have these launch-related issues resolved.

Recommendation 95: Establish a launch date to expand the sales of PRPS tickets to the completed miniature golf course. By allowing residents to purchase these tickets while they are participating in a recreation activity, it not only makes the purchase more convenient, but will likely increase overall sales.

Programs are generated in a number of different ways. The most common way, according to interviews, is that an instructor comes up with an idea for a class or program. At that point, the assistant or director will work with that individual instructor to fully develop course curricula, requirements, time and location. Parks and Recreation staff will also produce new class and activity ideas. Less frequently, residents will request a certain type of instruction or activity, and the Parks and Recreation staff will attempt to find a suitable instructor.

³ Fettig, David "Federal Reserve Studies Confirm Electronic Payments Exceed Check Payments for the First Time" [Press Release](#) Federal Reserve Financial Services Policy Committee. 2004

While instructors and staff are able to gauge what programs are successful and which should be discontinued, there is no data being captured to quantify these decisions. Furthermore, there is no exit survey to collect participant evaluations of the programs. There are comment cards, but these are not designed to capture meaningful feedback.

Recommendation 96: Begin tracking and reviewing program enrollment.

Recommendation 97: Draft and adopt a policy outlining when and under what circumstances a class or program should be discontinued.

Recommendation 98: Administer program evaluations to participants. These program evaluations should include, but not be limited to: space to rate their experience, provide space for a narrative of what went well, what could have gone better and what other programs participants would like to see. The use of comment cards may be used as a supplement to thorough program evaluations.

Recommendation 99: Conduct a biennial resident survey. This survey would be a low to no cost activity that would broadly gauge community preference and opinion.

Program pricing is established by the Parks and Recreation staff to represent a financial break even, according to staff. It is not clear if this financial break even takes into consideration the indirect costs of administration and maintenance staff work or facility maintenance costs. There is occasionally a non-resident fee of five to 10 dollars applied to program participants that are not residents of the Borough.

A best practice would be to have a rational cost recovery policy. A pricing policy should take into account what population is being targeted by a program, what the benefit of that program is to the community and what level of cost recovery is appropriate. One example of this practice comes from Arlington County, Virginia which is a Commission for Accreditation of Park and Recreation Agencies (CAPRA), a certified organization of the National Recreation and Parks Association. This example can be reviewed in Table 35.

TABLE 35: EXAMPLE OF COST RECOVERY FROM ARLINGTON COUNTY, VIRGINIA

Whom does it benefit?	Cost Recovery Goal
<i>Individual</i>	Over 100%
<i>Mostly Individual</i>	100%
Picnic Shelters	
Adult Sports Leagues	
<i>Individual and Community</i>	75%
Youth Camps	
Preschool	
Pools	
<i>Community and Individual</i>	50%
After School Programs	
<i>Community</i>	0%
Use of non-programmed resources	

As you can see, Arlington – as a corporate body – has decided that they value programs and recreation avenues that have the broadest community appeal. This means that they do not charge any fees for providing this service – in other words, the jurisdiction had determined that the benefit to the community is so great that it deserves to be subsidized. While at the same time, they look to recover all costs for recreation vectors that serve the individual.

This is only one possible incarnation of a rational cost recovery plan. Other communities have chosen to place value on certain populations to be served. For example, a program that serves resident pre-school age children would operate at a zero or nominal cost recovery level. While at the same time, an adult softball league that is open to residents and non-residents alike might be operating slightly above 100% cost recovery – or at a profit.

It is the Borough of Pottstown’s responsibility to determine what their unique cost recovery plan will look like. Given that the Parks and Recreation Department has a goal of drafting a new strategic plan for 2009 – 2011, now is the perfect time to tackle this issue.

Recommendation 100: Research and implement a rational cost recovery policy for the Borough of Pottstown’s Parks and Recreation programs. This plan should represent a consensus decision made by a representative group of Pottstown residents.

Recommendation 101: Review the cost recovery plan assumptions and priorities biennially as a part of the budget process. It will be important for the Borough to have a policy that reflects the priorities and values of the community that it serves. By periodically reviewing this policy, Pottstown will assure that it continues to offer high quality services at a fair price to its customers and users.

The Pottstown Parks and Recreation Department is a highly functioning unit. They currently engage in goal setting based on strategic planning, capital budgeting and are creatively successful in their grant financing programs. While there is room for improvement in tracking and utilizing workload and program data, the organization is amiable to the prospect of making their record keeping practices more sophisticated. For an organization that strives for continuous improvement, like the Parks and Recreation Department, the next step would be to join the National Recreation and Parks Association.

The NRPA is the premier parks and recreation professional organization. With a membership of over 21,000, the Borough can draw upon some of the highest performing parks and recreation organizations in the world for new and exciting ways to improve service.

Recommendation 102: Join the National Recreation and Parks Association. Exposing the Parks and Recreation Department to new ideas through low cost professional development opportunities is a best practice.

The department maintains an extensive list of equipment and materials that it has at its disposal for recreation and maintenance actions. This is a best practice and should be commended. The next step, after compiling and maintaining this list of equipment, would be to establish usage criteria to determine what items are necessary to have on site and in storage and what items that could be easily divested from the department's inventory.

Recommendation 103: Establish and implement usage thresholds for recreation materials.

Recommendation 104: Auction the items that can reasonably be removed from the department's inventory based on the established usage criteria. Not only will the department see one-time revenue from the sale of surplus items, but it will also reduce the total amount of space Parks and Recreation will require when they move into their new facility. This may require Council approval.

Park Maintenance

Since the Parks and Recreation Department has joined the Borough, there has been a perception of mild enmity between the two entities. During staff interviews, Management Partners noticed a theme of non-cooperation between the Borough and the Parks and Recreation Department. It should be noted that there have been examples of the Streets Division assisting Parks Maintenance in jobs that are too large for Parks and Recreation to do alone. As time has gone on, cooperation continues to grow, with the Parks and Recreation Director favorably describing his department's relationship with the rest of the Borough, Parks and Recreation will remain an indefinite part of the Borough. One

way to continue to foster cooperation would be to integrate maintenance staff from both Public Works and Parks and Recreation on key projects and to better establish working relationships between the two operating departments.

Recommendation 105: Use General Fund dollars to fund the CDL certification of Parks Maintenance Workers. All Parks Maintenance drivers should be put on the general call-out list once their training is complete. Currently, the crew serves as back-up to the established call list.

According to interviews, the Parks Maintenance crews are highly motivated and dependable employees. They work to maintain the 90 acres of parkland in the Borough, ensure playground safety standards are being met, as well as make sure that all equipment is in working order. During the warmer months, crews focus predominantly on mowing, weed trimming and ball field preparation. According to the Parks Director, the crew is on a three day cycle for grounds maintenance, meaning in a given month a park will be mowed every fourth day. In addition to the routine grounds maintenance performed by the crew, they also participate in litter abatement projects, small construction projects for the Borough and light demolition.

The NRPA has established national maintenance standards to provide managers with estimates concerning how long it should take an average employee to complete a specific volume of work. These NRPA standards are exhaustive and cover most, if not all, categories of work performed by the division.

According to NRPA standards for tractor mowing, an average park maintenance employee should be able to tractor mow two acres per hour. Table 36, found below, details the quantifiable aspects of the Parks Maintenance Division.

TABLE 36: QUANTIFIABLE PARKS MAINTENANCE ACTIVITIES

Activity	Unit of Measure	Inventory	Standard	Annual Frequency	Annual Hours
Tractor Mowing	Acre	90.05	.5 hrs/acre	50	2,251.25
Bed Work	Square Feet	700	.33/100hrs/sf	5	1155
Push Mowing	Acre		2.5 hrs/acre		
Edging	Linear Feet	5,280	1hr/1000lf		
Weed Eating	Linear Feet		1hr/1000lf		
Fertilize/Herbicide	Acre		1.2hrs/acre		

Activity	Unit of Measure	Inventory	Standard	Annual Frequency	Annual Hours
Restroom Cleaning	Square Feet	50	11hrs/month/350sf	18.84	18.84
Mulching	Square Feet		.66hrs/1000sf		
Shelter Maint.	Square Feet		.75hrs/1000sf		
Backpack Blowing	Square Feet		.1hrs/1000lf		
Tree Pruning	Number of Trees		1.95hrs/tree		
Tree Planting	Number of Trees		1.3hrs/tree		
Pool/Equipment	Number of Pools		140hrs/year/pool		
Pool/Filters	Number of Pools	1	8hrs/quarter/pool	32	32
Pool/Lighting	Number of Pools	1	8hrs/quarter/pool	32	32
Tennis Courts	Number of Courts	3	1hr/court	8	24
Volleyball Courts	Number of Courts		1hr/court		
Basketball Courts	Number of Courts	7	1hr/court	8	56
Equipment Maint.	Number of Pieces	133	1.2hrs/piece	12	2394
Child Play Area	Square Feet		2hrs/10,000sf		
Total					5,963.09

Table 36 makes a series of assumptions. First, for the purpose of this analysis, it was assumed that March through October would be the mowing season. Second, because the parks are on a three day maintenance cycle for mowing and weed trimming, the monthly assumed frequency was between six and seven mows. Management Partners collected this data from publicly available sources like the Parks and Recreation newsletter and the Borough website. Management Partners gave the department the opportunity to complete this template in order to give us a more complete understanding of the scope of responsibility of the Parks Maintenance crew.

It is generally accepted that there are 2,080 hours in a work year. This figure excludes weekends. Making the generous assumption that an employee will, on average, experience 80 hours for vacation and 40 hours for sick time, with an additional 80 hours representing flex and holiday leave, the result is 1,880 potential work hours annually per FTE.

If this assumption representing a single FTE (1,880) is divided by the total number of hours of work based on the NRPA guidelines (5,963.09) the result is 3.17. This means that, according to the quantifiable data

provided to Management Partners, 3.17 employees could reasonably conduct the work that is currently being produced by four employees.

Management Partners understands that there are other duties assigned to the Park Maintenance crew, such as working special events. Also, through interviews with the Parks Director, the NRPA standard for mowing is difficult to apply because mowing is done with a push mower, rather than a tractor. This obviously will take more labor hours per acre than a tractor. Additionally, there may be more to quantify these tasks; the department opens itself up to the criticism that it may be over staffed.

Recommendation 106: Begin keeping quantifiable workload data for Parks Maintenance. By keeping this data and applying it to community best practice, the department will be able to either expand or contract to the appropriate size. Without this data, it is difficult to successfully justify the current number of Parks Maintenance employees.

In interviews, it became clear that there is little supervision of Parks Maintenance employees. This is because the work that the director indicates as necessary for completion is always done in full and in a timely manner. However there is no annual, monthly or weekly work plan for the Parks Maintenance employees. This makes quantifying the amount of work completed impossible. It is a best practice to keep detailed records of work completed as well as work that is anticipated to be done.

Recommendation 107: Create and implement the use of seasonal work plans and performance targets. The Parks Maintenance crews have obviously earned the trust of the director and assistant director. This recommendation is not a reflection on this trust, but rather the implementation of a best practice that will allow for more effective management and service delivery.

Police Department

The Pottstown Police Department's FY 2009 budget is \$5,610,314. The department is staffed with 47 sworn officers and 13 civilian personnel. Sworn officers are divided under the Patrol Division, Community Response Unit (CRU) and the Detective Division. The department is managed by a Chief of Police and a Captain of Police, who serves the role of deputy chief, and a civilian department Administrative Manager. The department is also staffed with an Administrative Corporal who is responsible for traffic studies, grant writing/management, school crossing guard supervision, and other analytical duties as assigned.

Patrol officers in the Borough work a 12-hour fixed shift pattern of two days on, two days off, three days on, two days off, two days on, three days off. Patrol officers are organized into one of four squads. Each squad is staffed with one sergeant, one corporal and five patrol officers. The Police Department also maintains a Community Response Unit (CRU) which is responsible primarily for narcotics work and other proactive policing assignments dictated by the Chief of Police and/or the Captain. The CRU works flexible shift hours, depending on community need and crime trends.

The department also participates in a number of task forces, which are staffed with sworn officers from the operating divisions, including the Drug Task Force and the DUI Task Force, to name two.

The Detective Division is staffed with eight FTEs, including one sergeant, one corporal, one patrol officer, three detectives, one school resource officer and one civilian administrative assistant. The Detective Division operates under an eight hour shift, working Monday through Friday 8:00 am to 4:00 pm, with additional detective coverage 2:00 pm through 10:00 pm Tuesday through Saturday.

Civilian personnel are organized under one of three organizational units including the Records Division, Detention (civilian processors), and Communications and are managed by the Department Administrative Manager.

The Detention Unit, which is a 24-hour holding facility utilized by Pottstown Police and neighboring departments, is staffed with two full-time civilian processors, who, in conjunction with sworn personnel, are responsible for booking and monitoring detainees. Outside departments are charged \$100 per detainee for incarceration. Additional fees are assessed when Pottstown civilian processors complete booking duties for outside police departments. Specifically, outside departments are billed an additional \$50 for Live-Scan (finger-printing) and photographing, \$50 for video arraignment, \$100 for Live-Scan, photographing and video arraignment, and \$175 for Live-Scan, photographing, video arraignment and incarceration.

Civilian processors are also cross-trained to perform Records Division functions. Civilian processors operate from 6:00 am to 2:00 pm Wednesday through Sunday or 2:00 pm to 10:00 pm Tuesday through Saturday. The Records Division, which is staffed with three full-time employees, maintains police records, produces incident reports, and administers false alarm and detention center billing.

The Communications Division is responsible for dispatch operations for Pottstown and North Coventry Township and is staffed with six full-time radio dispatchers, one of which serves as the Terminal Agency Coordinator (TAC) Officer. The dispatch center fields calls for service from the department's non-emergency telephone line, which is the source of the majority of the department's calls for service. Each 9-1-1 goes first

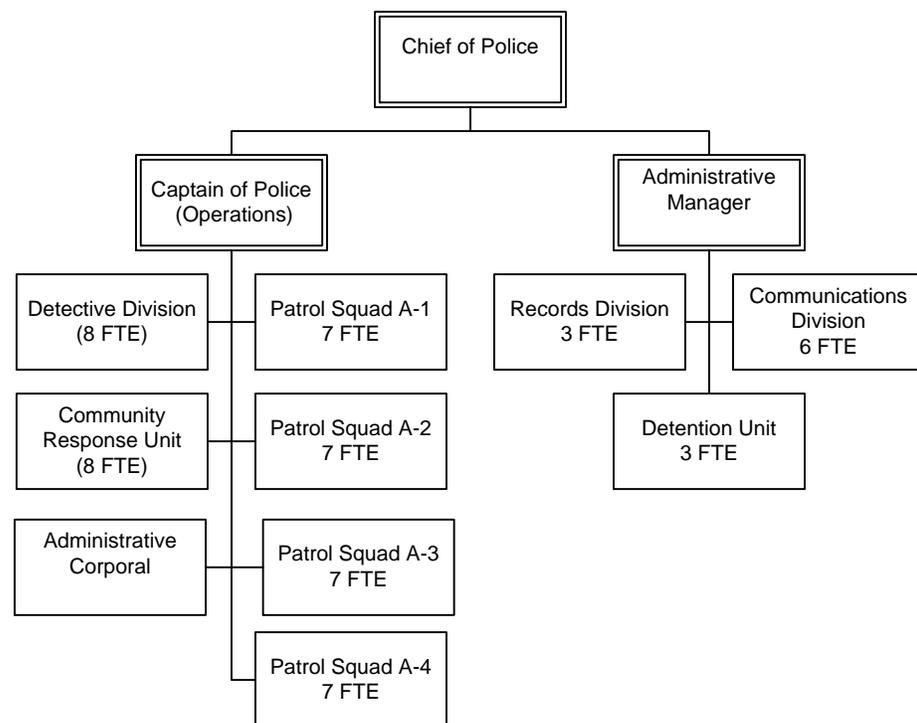
to the Montgomery County dispatch center. Calls are then screened and forwarded to Pottstown dispatch personnel for transfer to patrol officers.

The center operates one dispatch channel and five incoming lines. These include one administrative line, three emergency lines, and one direct connect to the Montgomery County 9-1-1 Center.

Civilian personnel are managed by the department's Administrative Manager, who also serves as departmental quartermaster, fleet manager, facility manager, IT coordinator and departmental evidence custodian.

Figure 12 depicts the current Pottstown Police Department organizational structure.

FIGURE 12: POTTSTOWN POLICE DEPARTMENT ORGANIZATIONAL STRUCTURE



Analysis and Recommendations

The Pottstown Police Department operates under a community-policing philosophy and, per the Pottstown Police Department website (confirmed through Management Partners' field work). The department adheres to the following tenants of community-oriented policing (COP):

- COP embraces both the traditional Response to Incidents (R2I) style of policing and the Problem Oriented Policing (POP) style.
- COP is rooted in credibility/trust between the Police Department and the community.

- COP balances the usage of R2I and POP through the continual analysis of activity patterns that permit differentiated police response to community needs.
- COP requires the professional commitment and creative involvement of every department member, associated public and private agencies, and members of the community.
- COP recognizes that, regardless of a person's socioeconomic status, race, sex, national origin, language, age or religious beliefs, each person has a right to quality police services.
- COP recognizes that crime and disorder are only a portion of the many issues that the Police Department must deal with.
- COP requires continual analysis and feedback regarding effectiveness and flexibility to respond to same.

Many police departments claim to adhere to the tenants of community-oriented policing but have made little progress toward achieving an operational manifestation of COP. However, Management Partners' field work confirms that the Pottstown Police Department is committed to community- and problem-oriented policing and has structured its department to best achieve the aforementioned tenants. The Pottstown Police Department is to be commended for this. In addition, the Police Department has implemented a number of management best practices that are recognized throughout this report.

However, Management Partners has identified a number of recommendations that will not only help reinforce the department's community oriented policing efforts, and also cut Borough expenses without adversely impacting law enforcement service delivery.

Proactive Policing and Patrol Staffing

One of the key components of the community-oriented policing philosophy is proactive policing. In order to effectively implement a community policing philosophy, patrol officers must have adequate time during a shift to initiate enforcement as opposed to constantly responding, or reacting, to calls for service.

The International Association of Chiefs of Police (IACP) has established a guideline for patrol staff planning that recommends that 33% of each patrol officer's time be available for tactical operations/officer initiated activity/proactive patrol. The other 66% of an officer's time should be divided between responding to calls for services and completing administrative duties such as processing arrests and writing reports.

Management Partners has developed an analytical tool that can be applied to patrol dispatch data to determine the staffing level necessary to ensure that patrol officers are able to devote 33% of their available time to proactive policing. This methodology bases staffing needs on actual workload, as opposed to unreliable and antiquated comparative measures such as the *Number of Patrol Officers per 1,000 Population*.

To complete this analysis, Management Partners requires a breakdown of the total number of hours spent responding to dispatched calls for services (DCFS) by both hour of the day and day of the week. DCFS are the incidents that occur when a resident uses the E-911 system, or non-emergency telephone lines, to request police services. Responses to DCFS are one of the three main components of work performed by patrol officers (proactive and administrative being the other two) and are the primary external driver of patrol workload. With the DCFS data, Management Partners can apply equations to determine exactly how many patrol officers would be required in Pottstown to meet the IACP staffing standard.

Unfortunately, the data was not available in the format and level of detail required for the analysis. As a result, Management Partners was unable to analyze patrol workload to identify optimal patrol staffing. Without a full understanding of the amount of time officers spend responding to calls for service, it is impossible to empirically project, and defend, staffing requirements. As such, it will be important for the Pottstown Police Department to begin tracking detailed, time-oriented data and to use the data to determine future staffing needs.

Recommendation 108: Track the number of minutes consumed by officers responding to dispatched calls for service by hour of the day and day of the week.

Data should be tracked for all officers responding to a call and the tabulation of time should begin from the point the call is dispatched to the point the officer indicates availability.

It will be especially important to utilize this data to evaluate staffing needs at the conclusion of the department's "Police on Patrol" grant, which requires the funding of three patrol positions through 2012. If there is not a workload-based need for those three positions, as determined by the analysis detailed above, three patrol officer positions should be eliminated from the department.

Recommendation 109: Evaluate patrol staffing needs at the conclusion of the Police on Patrol staffing grant and eliminate patrol positions that cannot be justified through DCFS workload analysis. A summary of the patrol workload staffing methodology is provided as Attachment E.

Detective Staffing Levels

Currently there are no national standards in place to help determine appropriate staffing levels for investigative units. When police operations do not have correlated national standards, it is generally because the common industry wisdom is that local priorities and community values are the most important variables in allocating resources to these operations. Given the lack of commonly accepted practices, Management Partners

has established objective methodologies that can be applied by Pottstown Police Department senior managers to determine investigative staffing needs.

The first step in this methodology is to determine a primary workload indicator for the unit. In an investigative unit, that workload indicator is likely to be a case; in a traffic unit, the indicator could be traffic complaints or accidents or both.

After determining the workload indicator, an operations standard should be developed and agreed upon. An operations standard is a statement about the quality of service target related to the workload indicator. For example, in a traffic unit with a traffic complaints workload indicator, the operations standard might be: "Mount an enforcement operation for 80% of traffic complaints within five days."

The next step in the methodology is to determine the average number of labor hours consumed per workload indicator. This is calculated by dividing the number of labor hours consumed for that workload indicator by the workload count.

The next step is determining the projected workload hours by multiplying the average number of hours consumed for that indicator by the most recent five-year average of annual workload.

The next step is to calculate the FTE personnel requirement for each workload indicator by dividing the projected workload hours for the indicator by the net labor hours available per position. The net labor hours available per position is a department-wide calculation and is detailed in the Proactive Policing and Patrol Staffing section of this report.

The final step is to determine the total number of personnel needed per unit by adding the total number of FTE personnel requirements by workload indicator for all types of workload assigned to the unit.

Attachment F provides an example of how to apply this methodology.

Recommendation 110: Adopt a workload-based staffing protocol to determine unit staffing needs for workload-based organizational units.

Using the protocol detailed above will necessitate gathering workload data and using a simple labor distribution/tracking system. Data that must be gathered is detailed as follows:

- Number of labor hours consumed, by workload type
- Annual workload count for each indicator each year for the most recent five-year period
- Net available work hours per position

Units for which workload related staffing standards should be developed in the department are the Detective Division and the Community Response Unit.

Patrol Division Shift Schedules

The Pottstown Police Department switched from an 8-hour to a 12-hour shift on a trial basis in 2006 and recently fully-implemented the 12-hour schedule. Management Partners has completed extensive patrol staffing analysis in departments across the United States and it is clear that 12-hour shifts are generally not the best schedule for matching demand, nor are they the most cost-effective. However, it is important to evaluate the unique circumstances and data from each department to determine the most appropriate shift schedule.

The initial step in analyzing the most effective and efficient patrol staffing shift schedule is to determine how much time a patrol officer is actually available to work under the current 12-hour schedule. All officers have time off for vacation, sick leave, training and other forms of leave. As a result, more than one officer must be hired to staff a position during each shift of the year.

Under the current 12-hour shift, each patrol officer and sergeant is scheduled to work 2,184 hours per year. However, after the various forms of leave are deducted—sick leave, vacation, etc.—the average Pottstown patrol officer is actually available to work 1,417 hours per year. Table 37 depicts the data used to calculate the average number of hours of availability per Pottstown patrol officer.

TABLE 37: POTTSTOWN PATROL OFFICER AVAILABILITY

Data Element	Average # of Hours per Patrol Officer
Total Hours Scheduled	2,184
Average Annual Hours - Vacation	142
Average Annual Hours - Sick Leave	48
Average Annual Hours - Training	128
Other Leave Time:	0
Compensatory Time	31
Paid Holiday Leave Time	96
Personal Leave Time	24
Kelly Leave Time	104
Death Leave	1
FMLA	7
IOD (Worker's Compensation)	4
Guaranteed Break Hours	182
Total Leave Hours	767
Total Available Hours	1,417

Having established officer availability values for a 12-hour shift, it is appropriate to calculate the staff availability factors under both 10-hour and 8-hour shift alternatives.

To calculate the staff availability factor for different work schedules, the most prudent course of action is to convert the Police Department's actual experience with leave under the current work schedule to alternative work schedules. The methodology applied by Management Partners is to convert the actual experience in hours of leave used to the number of shifts missed due to use of leave, and then apply the number of shifts missed to the number of hours in each shift for an 8- and 10-hour shift.

For example, the average Pottstown police officer takes 48 hours of sick leave per year. This equates to four shifts (48 sick leave hours divided by 12 hours). Assuming that the average officer misses four shifts, we can then determine that the average officer would miss 40 hours a year on sick leave in a 10-hour shift (four shifts multiplied by 10 hours) and that the same officer would miss 32 hours of sick leave on an 8-hour shift (4 shifts multiplied by 8 hours) Table 38 lists the leave conversion calculations for each alternative shift schedule.

TABLE 38: LEAVE CONVERSION CALCULATIONS FOR ALTERNATIVE SHIFT SCHEDULES

LEAVE TYPE	12 HOUR		4 x 10	5/2 – 5/3
	Leave Hours	Shifts Absent	Leave Hours	Leave Hours
Average Annual Hours - Vacation	142	12	142	142
Average Annual Hours - Sick Leave	48	4	40	32
Average Annual Hours - Training	128	11	107	85
Other Leave Time:	0	0	0	0
Compensatory Time	31	3	31	31
Paid Holiday Leave Time	96	8	96	96
Personal Leave Time	24	2	24	24
Kelly Leave Time	104	9	N/A	N/A
Death Leave	1	0	1	1
FMLA	7	1	7	7
IOD (Worker's Compensation)	4	0	4	4
Guaranteed Break Hours	182	15	104	130
Total	767	64	555	552

Having determined the number of hours that the average patrol officer can be expected to consume on leave, we can then determine the number of hours that a patrol officer is available to work under a 10- and 8-hour shift, and compare that to the current 12-hour shift schedule.

The leave conversion calculations indicate that with a 10-hour shift, the average patrol officer can be expected to accumulate approximately 555 hours of work per year in leave time. With a 10-hour shift, an officer is scheduled to be on duty for a total of 2,080 hours per year. Deducting

expected leave time (555 hours) from hours scheduled (2,080 hours) indicates that, with a 10-hour shift, the average patrol officer would be available for duty 1,525 hours per year. We can also apply the calculation to an eight-hour schedule.

The leave conversion calculations indicate that, with an 8-hour shift, the average patrol officer can be expected to consume approximately 552 hours per year in leave. With an 8-hour shift, an officer is scheduled to be on duty for 2,080 hours per year. Subtracting expected leave time (552 hours) from hours scheduled (2,080 hours) indicates that, with an 8-hour shift, the average patrol officer would be available for duty 1,528 hours per year. Table 39 lists the number of hours for patrol officer availability under each shift alternative.

TABLE 39: PATROL OFFICER AVAILABILITY UNDER THREE SHIFT ALTERNATIVES

	SHIFT SCHEDULE		
	12 HOUR	4 x 10	5/2 – 5/3
Annual Number of Hours Scheduled per Patrol Officer	2,184	2,080	2,080
Annual Number of Hours Available per Patrol Officer	767	555	552
Annual Patrol Officer Availability	1,417	1,525	1,528

Having identified the average patrol officer availability under 12-, 10- and 8-hour shifts, we can now determine the number of patrol officers that must be staffed to provide 24/7 coverage under each shift schedule and meet the department’s minimum staffing level of four patrol officers and one sergeant per shift.

While officers are only available to work a specified number of hours per year due to various forms of leave, their shifts must be covered. To estimate the number of patrol officers that must be hired to fill one position, it is necessary to calculate a relief factor. To calculate the relief factor, we divide the annual number of hours that must be covered in each unique shift by the annual patrol officer availability for each shift to determine the number of FTEs that must be hired to fill one position during one shift. The relief factor calculation for each shift alternative is summarized in Table 40.

TABLE 40: RELIEF FACTOR CALCULATION FOR ALTERNATIVE SHIFT SCHEDULES

	12 HOUR	4 x 10	5/2 – 5/3
Number of Weekly Shift Hours per Position (Number of Hours per Shift Multiplied by Days of the Week)	84	70	56
Number of Weeks per Year	52	52	52
Annual Hours per Position (Number of Weekly Shift Hours per Position multiplied by Number of Weeks in the Year)	4,368	3,640	2,912
Annual Patrol Officer Availability	1,417	1,525	1,528
<i>Relief Factor (Annual Hours per Position Divided by Annual Patrol Officer Availability)</i>	3.08	2.39	1.91

Having identified patrol officer availability and relief factors for each shift schedule, we can then calculate the number of FTEs that must be employed to meet the department's minimum staffing level of four patrol officers and one sergeant per shift. To do so, the number of positions that must be hired to cover one shift was multiplied by the number of shifts in a 24-hour period for each respective shift schedule - two for a 12-hour shift; three for a 10-hour shift⁴ and; three for an 8-hour shift. This calculation, which is summarized in Table 41, indicates that the Borough of Pottstown's current shift plan and staffing structure requires 30.84 patrol FTEs to meet minimum staffing standards. The Borough currently has a total of 28 patrol officers and patrol sergeants. As a result, the Borough must incur otherwise avoidable overtime expenses.

TABLE 41: PATROL DIVISION SHIFT SCHEDULE COMPARISON

FACTOR	SHIFT SCHEDULE		
	12 HOUR	4 x 10	5/2 – 5/3
<i>Annual Hours Scheduled per Shift</i>	4,368	3,640	2,912
Average # of Hours Schedule per Patrol Officer	2,184	2,080	2,080
Average # of Hours Absent per Patrol Officer	767	555	552
<i>Average Number of Hours Available</i>	1,417	1,525	1,528
<i>Relief Factor (Annual Hours Scheduled per Shift Divided by Average Number of Annual Hours Available)</i>	3.08	2.39	1.91
Minimum Patrol Officer Staffing per Shift	4	4	4
Minimum Patrol Sergeant Staffing per Shift	1	1	1

⁴ The actual number of 10-hour shifts that must be covered per 24 hour period is 2.4. However, because it is impossible to have .4 shifts, it is necessary to plan for 3 shifts per day in a 10 hour schedule.

FACTOR	SHIFT SCHEDULE		
	12 HOUR	4 x 10	5/2 – 5/3
Subtotal Minimum Patrol Staffing	5	5	5
<i>Required Patrol Staffing per Shift (Relief Factor Minimum Patrol Staffing)</i>	15.42	11.93	9.53
Number of Shifts per 24 Hour Period	2	3	3
<i>Total Patrol FTE Required to Meet Minimum Staffing Standards (Required Patrol Staffing per Shift the Number of Shifts)</i>	30.83	35.80	28.58

A comparison of staffing requirements for each schedule alternative demonstrates an eight-hour shift requires the fewest staff to adequately meet minimum staffing levels. While workload data has shown an eight-hour shift is the most cost-effective shift available for consideration in the Borough, it is also important to evaluate how a given shift schedule allows the department to respond to the ebbs and flows of workload. For example, a shift schedule must permit the distribution of resources to meet varying workload patterns.

While actual data regarding time series based patrol workload patterns was unavailable, departmental interviews indicate that workload patterns in the Police Department are characteristic of departments across the country. The department sees general increases in the amount of time spent responding to calls for service from 0700 to 1300 hours during the weekday with workload peaking at approximately 1900 hours. The department also experiences an increase in workload from 2300 hours through 0200 hours on Friday and Saturday nights, which is typical of many jurisdictions.

Patrol Division 12-hour shift schedules are organized in a common way: four squads of equal personnel strength. The demand pattern plays no role in scheduling because there is little flexibility in such a schedule.

An 8-hour shift provides the Police Department with far greater flexibility about how best to deploy resources to meet workload than does a 12-hour shift. With eight-hour shifts, starting times and power shift times can be better matched to the demand profile.

It should be noted that officers may prefer a 12-hour shift because it provides them with more days off. As a result, it can be argued that 12-hour shifts result in improved officer morale. However, there is a substantial cost associated with a implementing a 12-hour shift schedule.

Switching from a 12-hour shift to an 8-hour shift will provide a number of benefits to the Borough. First and foremost, it will allow the department to meet established minimum staffing standards with fewer staff. Secondly and equally important, it will allow greater flexibility in the deployment of officers to meet demand and allow officer deployment to more closely match workload requirements.

Recommendation 111: Reconfigure the police patrol schedule and organization from 12-hour to 8-hour shifts.

Parking Enforcement

During Pottstown's recent budget cuts, the department eliminated its civilian parking enforcement apparatus. As a result, timed parking regulations are no longer enforced in the downtown business district. In the past, Pottstown patrol officers have not been required to enforce timed parking requirements. While the common practice is for civilians to perform this duty, it is entirely appropriate, in the absence of another parking enforcement apparatus, for Pottstown patrol officers to enforce timed parking restrictions during peak hours.

Recommendation 112: Utilize patrol officers to enforce parking regulations in key Pottstown parking areas.

Communications

The department's Communications Division is a 24-hour emergency call taking and dispatch center. The Montgomery County Dispatch Center fields 9-1-1 calls and directs them to the Pottstown Communication's Division dispatchers, who then dispatch calls to patrol officers in the field. Calls for service that are initiated through the department's non-emergency telephone line are fielded directly by dispatch personnel. Dispatched calls for service initiated through the non-emergency lines represent the lion's share of all calls for service—24,500 out of 28,000 in 2008.

Management Partners held discussions with the department's Administrative Manager, as well as the Director and Deputy Director of the Montgomery County Public Safety Department to clarify the operating relationship between Montgomery County and the Pottstown Communications Division. It is clear that maintaining a Communications Division in Pottstown represents an unnecessary duplication of services. Furthermore, the Montgomery County Dispatch Center is reviewing its operational paradigm and is developing a proposal to bill communities that maintain separate dispatch centers since this practice represents costly and unnecessary service redundancy and adds unnecessary layers of complexity to the Montgomery County dispatch operation. An added benefit is that, while Montgomery County utilizes the same computer-aided dispatch (CAD) system as Pottstown, the County takes greater advantage of its capabilities. If Pottstown transfers to the County CAD system, they will be able to access rich dispatch data, including time spent on dispatched calls for service, with the touch of a button. As mentioned above, this data is not readily available in a functional level of detail with the Borough's current operating system. Utilizing this data will help the department more effectively evaluate workload and staffing needs.

Montgomery County Emergency Dispatch Services is prepared to take on the role of direct dispatching to Pottstown officers at no cost to the Borough. This will not only save the Borough money, but will do so without necessarily resulting in unemployed dispatch personnel. Currently, the Montgomery County Department of Public Services holds a number of dispatcher position vacancies and has indicated a willingness to consider Pottstown employees for those positions. This offers an added benefit to the Montgomery County Dispatch Center by adding dispatchers who are familiar with Pottstown.

It is important to note, however, that there are additional operational considerations that must be taken into account if Pottstown's emergency communications is to be absorbed by the County. For example, current dispatch personnel staff the Commonwealth Law Enforcement Assistance Network (CLEAN) terminal, which is the electronic link to the Commonwealth's crime database containing real-time information on warrants, stolen vehicles, individual criminal histories, etc. The Borough is required to house a CLEAN terminal in a secure area so that the civilian processor or officers who are booking a detainee can access information available through CLEAN. Transferring dispatch responsibilities to the County would not preclude the existence of such a secure terminal. Moreover, given that the County also maintains CLEAN terminals, County dispatch personnel can take over the function of responding to Pottstown CLEAN information requests from Pottstown officers in the field.

Pottstown dispatch personnel also serve as "building stewards" during off-business hours, opening and monitoring Borough Hall during community events. Therefore, transferring dispatch operations to the County would require that this function be absorbed by other Borough staff or that off-hour community meetings in Borough Hall be substantially reduced.

Pottstown dispatch personnel also monitor the department's detention cells through closed-circuit video links. The Montgomery County Department of Public Services has agreed to consider taking over this function, however, it is important to acknowledge that this will require a policy change at the County level and the prospects of that change are uncertain.

In the event that the County does not take over the function of monitoring closed circuit cells, the Borough will need to develop alternative means of monitoring the closed circuit video links. Options include, but are not limited to, amending existing civilian processor schedules to ensure that the department is physically staffed 24 hours per day or utilizing outside booking facilities during hours of the day when staff are unavailable to monitor in-house video links. Regardless, the need to monitor cells through video links does not justify maintaining a staff of six dispatch personnel at an annual expense exceeding \$300,000.

Recommendation 113: Work with Montgomery County Emergency Dispatch Services to incorporate the Pottstown Police Department as a direct dispatch customer.

Recommendation 114: Eliminate the Pottstown Communications Division. This represents an estimated cost savings of approximately \$339,000.

Central Booking and Detention Center

The department maintains a 24-hour central booking and holding facility that is used by Pottstown and neighboring departments to book and hold detainees for other local state and federal agencies, house intoxicated people, of house suspects before arraignment. The Central Booking and Detention Center operation is staffed with two full-time civilian processors who work eight-hour days. One employee works Wednesday through Sunday, 6:00 am to 2:00 pm, the other works Tuesday through Saturday, 2:00 pm to 10:00 pm.

During the time when there are no civilian processors available to monitor detainees, Communications Division staff monitor detainees through a closed circuit video monitoring system. With the elimination of the Communications Division, there is a need to fill this responsibility with other personnel. Montgomery County has agreed to consider taking over the video monitoring function along with dispatch services.

Recommendation 115: Work with the Montgomery County Department of Public Safety to establish direct video monitoring of Pottstown detention cells.

Patrol Fleet Management

The Police Department maintains a fleet of 39 vehicles as well as a number of additional pieces of equipment necessary for operations (trailers, bikes, etc.). The department has taken the initiative to develop and utilize a sophisticated fleet management system that enables the department's administrative manager to track vehicle miles via GPS and automatically schedule preventative maintenance. This represents one of several management best practices implemented by the department.

However, the Department of Public Works, which maintains dozens of vehicles and pieces of equipment and services all equipment for the Borough, does not maintain the fleet management system. Instead, they rely on paper logs and operator initiative to track miles and schedule preventative maintenance, which is a highly inefficient and unreliable method of tracking data. Without reliable data, there is no method in place to track vehicle utilization and objectively estimate investment requirements.

Unfortunately, this is a common trend in many municipalities across the country. However, the Borough is in a unique position to have one department that has fully integrated a fleet management program into operations. As a result, the fleet management system can be expanded to include not only the Police Department, but the entire Borough.

Recommendation 116: Expand the Police Department's fleet management system to include all Borough vehicles and equipment. This will permit the Borough to track vehicle utilization data and more effectively schedule preventative maintenance in accordance with manufacturer specifications.

As a result of the Police Department's ability to provide substantive data regarding police fleet utilization, Management Partners was able to complete an analysis regarding fleet utilization and departmental vehicle needs. The department maintains a vehicle inventory of 28 vehicles as well as trailers, bikes and other small pieces of equipment necessary to police operations. These include vehicles for the Chief and Captain, five vehicles dedicated to the CRU (three of which are seized vehicles loaned to the department by the Montgomery County District Attorney's Office for undercover work), five vehicles dedicated to the Detective Division, one crime scene investigation vehicle donated by the Montgomery County District Attorney's Office, one vehicle for parking patrol, nine patrol vehicles, one special service vehicle, one school resource officer (SRO) vehicle, and one vehicle for the department Administrative Manager. Table 42 provides a summary of the Police Department fleet by vehicle use.

TABLE 42: SUMMARY OF POLICE DEPARTMENT FLEET

Vehicle #	Year	Make	Model	Use	Total Miles	2008 Miles
13	2006	Ford	Crown Vic	Captain	23,083	11,230
2	2008	Ford	Expedition	Chief	3,311	3,311
12	2009	Ford	Crown Vic	CRU	6,158	6,158
16	1999	Chevrolet	Lumina	CRU	62,979	5,260
34	1995	GMC	Safari Van	CRU	149,114	897
35	1999	Nissan	Quest Van	CRU	102,617	2,417
37	1997	Infiniti	I30	CRU	127,560	1,037
24	2000	Ford	Crown Vic	K-9	154,425	17,638
1	2005	Ford	Crown Vic	Detective	21,466	7,668
5	2006	Ford	Crown Vic	Detective	21,162	7,138
6	2004	Ford	Crown Vic	Detective	33,125	6,609
8	2003	Ford	Crown Vic	Detective	30,275	2,801
10	1997	Chevrolet	Lumina	Admin	61,056	10,789
28	1999	Chevrolet	Lumina	Detective	35,947	3,345
29	1999	Jeep	Cherokee	Crime Scene	141,806	156
11	1997	Chevrolet	Lumina	Parking	81,069	9,160
7	2005	Chevrolet	Tahoe	CRU	83,257	19,791

Vehicle #	Year	Make	Model	Use	Total Miles	2008 Miles
18	2005	Ford	Crown Vic	Patrol	86,290	21,989
20	2008	Ford	Crown Vic	Patrol	15,236	15,236
21	2008	Ford	Crown Vic	Patrol	11,436	11,436
22	2007	Ford	Crown Vic	Patrol	45,037	27,280
23	2007	Ford	Crown Vic	Patrol	51,000	25,392
25	2006	Ford	Crown Vic	Patrol	72,072	28,211
26	2006	Ford	Crown Vic	Patrol	70,215	33,405
27	2008	Ford	Crown Vic	Patrol	13,782	13,782
30	1997	Ford	Expedition	Special Service	117,760	3,596
19	2003	Ford	Crown Vic	SRO	113,704	3,632
3	2008	Ford	Expedition	Supervisor	4,827	4,827

As mentioned in the background section, the Police Department operates under a minimum patrol staffing of four patrol officers and one sergeant and operates with 12-hour shifts. This deployment model requires five fully operational patrol vehicles per shift to cover minimum staffing.

In addition, to cover shift requirements during regularly scheduled and emergency repairs, the department needs to maintain reserve patrol vehicles. A common standard used to determine the number of reserve vehicles necessary to maintain operations is about 20% of the total necessary fleet size per shift, which equates to one patrol vehicle. However, given that the department operates a 24-hour car plan, it is necessary to maintain at least two reserve vehicles to meet minimum staffing requirements.

In addition to minimum patrol staffing requirements the department participates in a number of regional task forces such as the DUI task force and the drug task force, which are funded through grant programs and other government agencies. As a result, vehicles must be available for task force initiatives.

Moreover, according to the National Fleet Management Association (NAFA), the annual utilization standard for police patrol vehicles is approximately 25,000 miles per year. The average annual mileage for patrol vehicles in Pottstown that have been in service for at least one year is 26,000 miles. This indicates that patrol vehicles are well utilized.

Given the operational environment and high utilization rate of Pottstown patrol vehicles, it is clear that the department's current inventory of nine patrol vehicles is appropriately sized to meet the department's needs.

The department staffs seven detectives and rotates five vehicles among each detective. Detectives work an eight-hour shift but are on call in the evenings, which is a common deployment pattern in investigative units.

While the department's patrol and detective fleet is appropriately sized to meet operational needs, there is a need to develop a patrol vehicle

replacement schedule. An adequate patrol vehicle replacement schedule ensures that law enforcement officers are operating reliable vehicles, decreases maintenance costs, and reduces vehicle downtime due to repairs, which become far more frequent after 75,000 miles of use. Unfortunately, the department and the Borough have been unable to commit to a replacement schedule for both police and non-police vehicles because of budget constraints. This is the reality of operating in a public service environment. However, it is important to recognize that a highly functioning government requires investment and strives to maintain Borough assets in accordance with that principle.

The average age of patrol vehicles in Pottstown is 3.66 years. The best practice target replacement schedule for patrol vehicles is approximately 80,000 miles, depending on the condition of the vehicle. Under the department's existing 24 patrol hour car plan, the average annual mileage per patrol vehicle is 26,000. This indicates that an ideal patrol vehicle replacement schedule is approximately three years.

According to 2008 data, the department currently maintains two patrol vehicles with over 80,000 miles and two patrol vehicles approaching 75,000 miles, which indicates that approximately four patrol vehicles will need to be replaced in 2009. Assuming these vehicles are replaced, the 2009 replacement cost for four patrol vehicles would total about \$120,000 (\$30,000 x 4 cars). It will then cost approximately \$90,000 (\$30,000 x 3 cars) each year thereafter to maintain the replacement schedule.

Detective vehicles average about 5,500 miles per year of utilization, far less than patrol cars. Furthermore, detective vehicles are used only 8 hours per day, compared with patrol vehicles, which are used 24 hours per day. Given the workload requirements of the Patrol Division, it is important that the Patrol Division receives the vehicles that are in the best condition.

The Detective Division maintains four Ford Crown Victoria's with approximately 35,000 miles or less in mileage accumulation. By swapping these four vehicles (vehicle numbers one, five, six and eight), the department is able to keep its patrol vehicle replacement schedule on track for the nominal cost of approximately \$10,000 to outfit each detective vehicle as a patrol car. Patrol vehicles 7, 18, 25 and 26 would then be classified as detective vehicles.

This will allow the department to defer implementing the patrol replacement schedule until the year 2010. Furthermore, it will bring the average annual replacement cost to about \$90,000 per year, beginning in 2010. Table 43 summarizes the five-year patrol vehicle replacement model. Items shaded in grey represent anticipated vehicles requiring replacement. Each fully-outfitted vehicle is expected to cost \$30,000, on average.

TABLE 43: PATROL VEHICLE REPLACEMENT SCHEDULE

MILEAGE and REPLACEMENT POINT						
Vehicle #	2008	2009	2010	2011	2012	2013
1	21,446	47,446	73,446	26,000	52,000	78,000
5	21,162	47,162	73,162	26,000	52,000	78,000
6	33,125	59,125	26,000	52,000	78,000	26,000
8	30,275	56,275	26,000	52,000	78,000	26,000
20	15,236	41,236	67,236	26,000	52,000	78,000
21	11,436	37,436	63,436	89,436	26,000	52,000
22	45,037	71,037	26,000	52,000	78,000	26,000
23	51,000	77,000	26,000	52,000	78,000	26,000
27	13,782	39,782	65,782	91,782	26,000	52,000
Cost	\$0	\$0	\$60,000	\$90,000	\$60,000	\$120,000

Recommendation 117: Adopt a patrol vehicle replacement target for the Police Department of 80,000 miles per vehicle.

Recommendation 118: Swap four low mileage detective vehicles (vehicle numbers one, five, six and eight) with four high mileage patrol vehicles (vehicle numbers 7, 18, 25 and 26) to prolong the life of the existing patrol fleet. The cost estimate to transfer patrol equipment and otherwise outfit the detective vehicles is approximately \$10,000 for each vehicle. It is important to note that the department is in the final stages of obtaining a grant to purchase four new patrol vehicles, which will put the department's vehicle replacement schedule back on track. If the grant is obtained, the department will not need to swap detective vehicles for patrol vehicles to prolong the overall life of the fleet.

The department also maintains a 1997 Chevy Lumina (vehicle number 11) which is designated as a parking enforcement unit. In 2009, the department disbanded the parking enforcement unit and, as a result, no longer needs to maintain this vehicle.

Recommendation 119: Eliminate the 1997 Chevy Lumina (vehicle number four) from the Police Department fleet. This will represent an annual maintenance savings of approximately \$1,200, and a salvage value of approximately \$1,000.

False Alarm Billing

One of the common problems facing police departments across the United States is false alarms. False alarms require a full-fledged response by police departments and often require response from other public safety departments such as fire and emergency medical services

(EMS). While it is important to respond to all calls for service as if they were legitimate emergencies, it is also important to recognize that false alarm response is exceptionally costly to residents.

First, there are the tangible financial costs associated with a response from a sworn officer—salary and benefit cost for sworn officers as well as civilian personnel, fuel costs, etc. Second, there is the intangible cost of absorbing an officer’s time on non-emergency calls, thereby making them unavailable to respond to actual emergencies.

Data provided by the Pottstown Police Department demonstrates that during the past three years, the department has expended over 3,400 hours of sworn officer time, 280 hours of dispatch personnel time, and 472 hours of Records Division staff time responding to false alarms. Taking the salary and benefit costs of these personnel into account, as well as fuel and vehicle maintenance costs, false alarm response has cost the Borough over \$100,000 over the past three years. By comparison, the Borough has only collected \$13,010 in false alarm billing fees.

The best practice is for false alarm billing fees to fully cover the cost of response so that the public is not forced to bear the financial burden of an individual or business’ actions.

Recommendation 120: Develop a false alarm fee structure that fully covers the cost associated with responding to false alarms. False alarm fees should be billed to alarm companies, as opposed to residents, to ensure an acceptable collection rate. This will generate approximately \$30,000 per year in revenue.

Fire Protection

Pottstown receives fire protection service from four fire companies. Those companies are comprised almost exclusively of volunteers; however, the Borough funds four positions to serve as drivers in each of the four company stations. In addition, the Borough Fire Marshal/Fire Chief oversees the companies at command scenes. The Borough also makes periodic contributions toward operating expenses and the purchase of capital equipment.

Over the past 20 years volunteer fire departments across the United States have seen a steady decline in the level of volunteerism. This national trend, which is evident in Pottstown, has led to many volunteer departments being transitioned in to departments staffed with full-time career fire fighters. While it is exceptionally expensive to establish and operate a professional department, this cost can be substantially reduced by partnering with neighboring jurisdictions to develop a regional fire service. Doing so has the potential to reduce inter-jurisdictional overlaps

in service area and reduce the number of stations and staff needed to serve the public.

The scope of this study did not include an in-depth analysis of fire service operations. Since we were unable to do an in-depth analysis of fire protection services, a question remains as to whether contributions are warranted and being used effectively and efficiently by the four companies. A question also remains as to whether a more professionalized regional approach to fire service can be implemented in Pottstown and Montgomery County.

The Commonwealth offers grant funds to study the feasibility of consolidating fire services. The Borough provides annual capital and labor cost contributions to the fire companies. Future financial support to the fire companies should be provided on the condition that the fire companies proceed with a feasibility study to study consolidating the fire service agencies into a department staffed with full-time career firefighters.

Recommendation 121: Initiate steps to apply for a grant from the Commonwealth to study the feasibility of developing a regional, professional fire department to serve Pottstown and neighboring jurisdictions.

In addition to serving as the commander at fire scenes, the Fire Chief/Fire Marshall is also responsible for building plan review functions and commercial inspections, which are equally important to public safety. Management Partners' field work indicates that retail, commercial, and industrial establishments are not being inspected on an annual basis, as per National Fire Protection Association (NFPA) guidelines. Commercial inspections are fundamental to the responsibilities of the Fire Marshall and it is imperative that retail, commercial, and industrial inspections are completed on an annual basis.

Recommendation 122: Begin completing retail, commercial and industrial fire inspections on an annual basis per NFPA guidelines.

FINANCIAL IMPACT

Implementing the recommendations made in this report would result in an annual net savings of \$369,976. The impact of the net annual savings on the financial forecast is set forth in Table 44.

TABLE 44: FINANCIAL IMPACT OF RECOMMENDATIONS ON GENERAL FUND FINANCIAL FORECAST

	2010	2011	2012	2013	2014
Base Case Revenue	\$9,041,229	\$9,028,500	\$9,016,170	\$9,004,248	\$8,992,746
Base Case Expense	\$9,682,661	\$9,828,658	\$9,982,011	\$10,143,120	\$10,312,407
Base Case Surplus (Deficit)	(\$641,432)	(\$800,158)	(\$965,841)	(\$1,138,872)	(\$1,319,661)
Base Case Cumulative Surplus/(Deficit)	(\$576,204)	(\$1,376,362)	(\$2,342,204)	(\$3,481,076)	(\$4,800,737)
Revenue Increase due to Recommendations	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Expense Savings due to Recommendations	\$354,976	\$354,976	\$354,976	\$354,976	\$354,976
Revised Revenue	\$9,056,229	\$9,043,500	\$9,031,117	\$9,019,248	\$9,007,746
Revised Expense	\$9,327,685	\$9,473,682	\$9,627,035	\$9,788,144	\$9,957,431
Revised Surplus/(Deficit)	(\$271,456)	(\$430,182)	(\$595,518)	(\$768,896)	(\$949,685)
Revised Cumulative Surplus/(Deficit)	(\$206,228)*	(\$636,410)	(\$1,231,928)	(\$2,000,824)	(\$2,950,509)

*The 2009 General Fund Budget estimates a year-end surplus of \$65,228

The estimated cumulative deficit would be reduced from \$4,800,737 to \$2,950,509 over the period of the forecast – a reduction of \$1,850,228 in 2014.

Implementing the recommendations in this report would reduce the amount of property tax increase needed to balance the budget. Table 45 compares the base case forecast for property tax increases to the forecast for property tax increases needed if the report recommendations are implemented.

TABLE 45: PROPERTY TAX INCREASE COMPARISON

	2010	2011	2012	2013	2014
Base Case					
Millage Rate Required to Balance Budget	6.038686	6.333674	7.315786	7.843955	9.077703
Millage Rate Increase From Prior Year	0.840659	0.294988	0.982112	0.528169	1.233747
% Change	16.17%	4.88%	15.51%	7.22%	15.73%
With Recommendations					
Millage Rate Required to Balance Budget	5.46831	5.7647	5.986	6.221	6.4679
Millage Rate Increase From Prior Year	0.27028	0.29635	0.22132	0.23502	0.24688
% Change	5.2%	5.42%	3.84%	3.93%	3.97%

Compared to the 2009 General Fund property tax millage of \$5.19803, the base case forecast for property tax millage increase is \$3.8792 (75%). If the recommendations in this report are implemented, the property tax rate millage increase would be \$1.2699 (24%). Implementing the report's recommendations would reduce the forecast property tax millage increase by over one-third compared to the base case forecast.

CONCLUSION

Management Partners collaborated with the employees and managers of the Borough of Pottstown to generate 122 unique recommendations to improve the delivery of services by making them more efficient and effective. Pottstown is in a precarious financial and operational position that requires immediate corrective action. Management Partners believes that through dedication and hard work the Borough can once again become a stable organization.

The recommendations in this report represent sound analysis and industry best practices that will, if implemented, help improve the operations and financial condition of the Borough. The challenge now is for the executives and policy makers of Pottstown to choose to address the issues identified within this report in order to improve the community that they all so clearly care for.

ATTACHMENT A – SUMMARY OF RECOMMENDATIONS

Recommendation 1: Adopt a policy of automatically adjusting public safety fees annually to reflect the increased cost of providing service.

Recommendation 2: Incorporate a General Fund reserve balance target of 10% of the General Fund budget into the Boroughs budget and financial planning processes.

Recommendation 3: Adopt a policy of adjusting licensing fees based on the Borough's projection of the cost of doing business.

Recommendation 4: Review parking fines structure each year in order to relate the cost of enforcement to changes in overall General Fund operating cost.

Recommendation 5: Adopt a policy of adjusting rental fees based on the Borough's projection of the cost of doing business.

Recommendation 6: Negotiate a health insurance cost sharing formula with employees based on percentage of total premium cost.

Recommendation 7: Develop a strategic plan for water and sewer services.

Recommendation 8: Develop a multi-year capital budget for water and sewer operations based on the strategic plan for these services.

Recommendation 9: Develop a multi-year capital budget for General Fund services.

Recommendation 10: Adopt a policy of adjusting Park and Recreation user fees based on the Borough's projection of the cost of doing business.

Recommendation 11: Eliminate the Assistant Borough Manager position.

Recommendation 12: Recruit and hire an assistant to the Borough Manager to serve as Special Project Coordinator to the Borough Manager.

Recommendation 13: Implement a mandatory supervisory training program in the Borough requiring that all existing and new supervisors and managers undergo the training.

Recommendation 14: Adopt an administrative policy of denying each grievance where supervisors are found to have acted within the purview of their responsibilities and the labor agreement.

Recommendation 15: Update AFSCME contract language to reduce ambiguity and specifically detail the conditions and components of each contract provision.

Recommendation 16: Create a strategic plan for the Borough of Pottstown and annual departmental work plans based on it.

Recommendation 17: Develop five-year strategic plans for every department.

Recommendation 18: Create annual work plans for every department.

Recommendation 19: Use work plans as one factor when reviewing Borough performance.

Recommendation 20: Implement a system of performance management with a comprehensive family of effectiveness, efficiency and workload measures.

Recommendation 21: Institute the use of monthly one-on-one meetings between managers and subordinates to review work plans and program performance data.

Recommendation 22: Designate the Borough Manager as the Human Resources Director, with direct day-to-day responsibility for employee and labor relations and internal Borough communications.

Recommendation 23: Develop a performance appraisal scheduling and notification system, to be managed by the Human Resources Coordinator, that schedules and tracks the timely completion of employee performance appraisals.

Recommendation 24: Utilize the performance management process to develop baseline annual work plans for employees.

Recommendation 25: Update the existing performance appraisal system to ensure that forms and questions are structured to provide both consistency and flexibility by job type or classification.

Recommendation 26: Review the minimum skills required for each Borough-wide position and revise job descriptions and minimum qualifications to ensure that employees possess the skills to function at a high level.

Recommendation 27: Complete an assessment of existing staff skill levels and compare to revised minimum requirements.

Recommendation 28: Develop one-year performance improvement plans for those current Pottstown employees who require skill development and provide training necessary to improve employee skill levels.

Recommendation 29: Develop annual training requirements by job classification and designate supervisors with the responsibility to monitor individual progression toward those requirements.

Recommendation 30: Develop a robust best practice training curriculum, to be managed by the Human Resources Coordinator, that will help front-line employees and supervisors more effectively perform their responsibilities.

Recommendation 31: Adopt a policy designating 0.25% of the total Borough personnel budget toward employee development and training.

Recommendation 32: Eliminate the practice of utilizing the Police Department to conduct disciplinary investigations and background checks.

Recommendation 33: Install the Dallas Data Systems HRIS data module.

Recommendation 34: Work with Dallas Data Systems to develop appropriate electronic links between the HRIS and payroll systems.

Recommendation 35: Train relevant personnel on the use of the HRIS module.

Recommendation 36: Adopt and work toward the goal of producing budget and financial reports that receive the GFOA Certification of Excellence within three years.

Recommendation 37: Establish a uniform bi-weekly payroll schedule for all employees.

Recommendation 38: Assign payroll support duties to a non-union employee.

Recommendation 39: Implement a true multi-year capital budget development process.

Recommendation 40: Implement an operating budget status reporting system.

Recommendation 41: Begin the comprehensive use of the purchase order system.

Recommendations 42: Design and implement a cost allocation plan.

Recommendation 43: Develop a rotation system to expose Finance Department staff to a variety of jobs and cross-train staff accordingly.

Recommendation 44: Develop and implement a Finance policy that details when, to whom and under what circumstances payment plans and various other options are offered to delinquent accounts.

Recommendation 45: Develop and implement quality assurance practices for accounts receivable processing.

Recommendation 46: Complete bank reconciliations no later than 10 business days into the next month.

Recommendation 47: Re-train Finance Department staff on financial management software modules.

Recommendation 48: Ensure that employees are adequately trained for their current job responsibilities.

Recommendation 49: Evaluate employee performance in 12 months.

Recommendation 50: Train employees on the use of the Dallas Data Systems work order system.

Recommendation 51: Establish proficiency with the Dallas Data Systems work order system as a minimum qualification for administrative assistants in the Public Works department.

Recommendation 52: Implement the use of the automated work order system.

Recommendation 53: Adopt a policy of following-up on resident generated work orders within 24 hours of receipt of complaint.

Recommendation 54: Grant access to the GIS system to the Street and Water Distribution Supervisors, Police, and Codes Enforcement.

Recommendation 55: Update the GIS maps to reflect the work that has occurred in the field. If maps are not consistently accurate, then it is a waste of valuable resources to maintain them.

Recommendation 56: Consider opting into a regional GIS system that would share the cost of maintaining the system.

Recommendation 57: Assign management of the GIS system to a staff person or contract this work to a third party.

Recommendation 58: Assign management of the intranet site to the Human Resources Coordinator.

Recommendation 59: Investigate moving the Public Works garage to a more adequate facility. Coordinate with Recommendation 76.

Recommendation 60: Investigate the possibility of constructing a new salt storage bin. A 150 foot diameter dome with a 19,000 ton capacity will cost approximately \$100,000.

Recommendation 61: Use work order data to draft and implement an annual work plan.

Recommendation 62: Re-examine the Borough's policy regarding the funding of crack-sealing for street maintenance. Given the cost saving benefits of preventative maintenance, the Borough should examine all service options in order to extend the useful life of its infrastructure.

Recommendation 63: Institute an annual street overlay plan. The annual Liquid Fuels Tax is intended as a way to fund street maintenance.

Recommendation 64: Institute the use of life-cycle costing on Borough vehicles and equipment.

Recommendation 65: Establish and monitor performance indicators to measure performance against industry and shop standards. See Attachment C of this report for a detailed list of fleet management performance measures.

Recommendation 66: Provide regular fleet information reports to management, department heads, and other stakeholders, including motor pool staff.

Recommendation 67: Establish a charge-back system that will allow Public Works to capture the full cost of providing vehicle maintenance.

Recommendation 68: Calculate a fully-burdened shop labor rate that incorporates all maintenance overhead costs as well as technician productivity (wrenching hours).

Recommendation 69: Evaluate the Public Works' competitiveness and potential for outsourcing 12 months after implementation of fleet recommendations.

Recommendation 70: Develop and implement a vehicle replacement schedule.

Recommendation 71: Negotiate with the Borough Authority to fund an additional water distribution employee in order to create the personnel capacity to conduct necessary backflow prevention.

Recommendation 72: Define and implement best management practices for stormwater management throughout the Borough.

Recommendation 73: Implement a stormwater utility that includes funding for stormwater management activities and support functions.

Recommendation 74: Invest in a new sewer line television camera.

Recommendation 75: Conduct phase I and II environmental assessments to determine the feasibility of relocating the Public Works garage to the wastewater treatment facility property.

Recommendation 76: Merge the Public Works and Borough Authority under the sole direct supervision of the Utility Coordinator.

Recommendation 77: Change the name of the Borough Authority to the Department of Utilities Infrastructure.

Recommendation 78: Eliminate the position of Public Works Director. This will represent a cost savings of \$94,388.

Recommendation 79: Develop a customer service training program that can help code enforcement personnel, and other Borough employees, provide outstanding customer service and learn to effectively deal with difficult customers.

Recommendation 80: Develop a family of Code Enforcement Department performance measures that enable the department to objectively track and analyze program outcomes and efficiency.

Recommendation 81: Coordinate with Dallas Data Systems to fully implement the Permit N Force code enforcement module which has already been purchased by the Borough.

Recommendation 82: Train Codes Enforcement Department staff on the use of the Dallas Data Systems code enforcement module.

Recommendation 83: Develop an escalating fee structure for repeat property code violators.

Recommendation 84: Track repeat offenders through the electronic code enforcement system. This data must be available to inspectors in the field.

Recommendation 85: Adopt a policy of full cost recovery for plan review and code enforcement programs.

Recommendation 86: Complete annual analysis of departmental cost recovery and revise the fee structure as appropriate to ensure full cost recovery in the Codes Enforcement Department.

Recommendation 87: Coordinate with the Pottstown Finance Department and local utility companies to establish a system that notifies the Code Enforcement Department when the name on a property-based utility account is altered.

Recommendation 88: Revise the rental inspections program to require annual inspections.

Recommendation 89: Complete a bi-annual inventory of Pottstown rental properties.

Recommendation 90: Reduce Code Enforcement CEO staffing by one full-time position.

Recommendation 91: Relocate the Parks and Recreation Department into a permanent location.

Recommendation 93: Coordinate with Ridge Support Technologies to ensure that up-to-date program and registration information is conveyed to the general public.

Recommendation 94: Conduct a cost benefit analysis on the offering of on-line registration and payment processing for recreation programs.

Recommendation 95: Establish a launch date to expand the sales of PRPS tickets to the completed miniature golf course.

Recommendation 96: Begin tracking and reviewing program enrollment.

Recommendation 97: Draft and adopt a policy outlining when and under what circumstances a class or program should be discontinued.

Recommendation 98: Administer program evaluations to participants.

Recommendation 99: Conduct a biennial resident survey.

Recommendation 100: Research and implement a rational cost recovery policy for the Borough of Pottstown's Parks and Recreation programs.

Recommendation 101: Review the cost recovery plan assumptions and priorities biennially as a part of the budget process.

Recommendation 102: Join the National Recreation and Parks Association.

Recommendation 103: Establish and implement usage thresholds for recreation materials.

Recommendation 104: Auction the items that can reasonably be removed from the department's inventory based on the established usage criteria.

Recommendation 105: Use General Fund dollars to fund the CDL certification of Parks Maintenance Workers.

Recommendation 106: Begin keeping quantifiable workload data for Parks Maintenance.

Recommendation 107: Create and implement the use of seasonal work plans and performance targets.

Recommendation 108: Track the number of minutes consumed by officers responding to dispatched calls for service by hour of the day and day of the week.

Recommendation 109: Evaluate patrol staffing needs at the conclusion of the Police on Patrol staffing grant and eliminate patrol positions that cannot be justified through DCFS workload analysis.

Recommendation 110: Adopt a workload-based staffing protocol to determine unit staffing needs for workload-based organizational units.

Recommendation 111: Reconfigure the police patrol schedule and organization from 12-hour to 8-hour shifts.

Recommendation 112: Utilize patrol officers to enforce parking regulations in key Pottstown parking areas.

Recommendation 113: Work with Montgomery County Emergency Dispatch Services to incorporate the Pottstown Police Department as a direct dispatch customer.

Recommendation 114: Eliminate the Pottstown Communications Division.

Recommendation 115: Work with the Montgomery County Department of Public Safety to establish direct video monitoring of Pottstown detention cells.

Recommendation 116: Expand the Police Department's fleet management system to include all Borough vehicles and equipment.

Recommendation 117: Adopt a patrol vehicle replacement target for the Police Department of 80,000 miles per vehicle.

Recommendation 118: Swap four low mileage detective vehicles (vehicle numbers one, five, six and eight) with four high mileage patrol vehicles (vehicle numbers 7, 18, 25 and 26) to prolong the life of the existing patrol fleet.

Recommendation 119: Eliminate the 1997 Chevy Lumina (vehicle number four) from the Police Department fleet.

Recommendation 120: Develop a false alarm fee structure that fully covers the cost associated with responding to false alarms.

Recommendation 121: Initiate steps to apply for a grant from the Commonwealth to study the feasibility of developing a regional, professional fire department to serve Pottstown and neighboring jurisdictions.

Recommendation 122: Begin completing retail, commercial and industrial fire inspections on an annual basis per NFPA guidelines.

ATTACHMENT B – SAMPLE PERFORMANCE MEASURES

Program Area	Effectiveness	Efficiency	Workload
Code Enforcement	<ul style="list-style-type: none"> ▪ Percent of building inspections completed as requested by customer <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Percent of building inspections completed within 48 hours of request <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Percent change in the number of building inspections completed <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Average time (in minutes) to complete a building inspection ▪ Percent of buildings inspected that are determined to be unsafe ▪ Percent of respondents (customers) rating their satisfaction with the quality of building inspection services as good or excellent <ul style="list-style-type: none"> ○ Timeliness of inspection ○ Thoroughness of inspection ○ Professionalism of staff ▪ Percent of complaints resulting in a violation ▪ Percent of violations remedied voluntarily ▪ Average number of calendar days from <ul style="list-style-type: none"> ○ Complaint until first inspection ○ Inspection until notification ○ Notification until compliance 	<ul style="list-style-type: none"> ▪ Number of building inspections completed per FTE ▪ Number of inspections scheduled per FTE ▪ Cost per building inspection completed ▪ Code enforcement expenditure per capita ▪ Number of code enforcement inspections per FTE ▪ Average cost per inspection 	<ul style="list-style-type: none"> ▪ Number of inspections completed <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Number of inspections completed ▪ Number of inspections resulting in a determination of an unsafe structure ▪ Number of complaints initiated by: <ul style="list-style-type: none"> ○ Staff ○ Residents ▪ Number of complaints resulting in a violation ▪ Number of violations remedied voluntarily

Program Area	Effectiveness	Efficiency	Workload
Planning	<ul style="list-style-type: none"> ▪ Percent of permits issued within # days of filing ▪ Percent of plan reviews completed within # days of filing <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Average time (in hours) to complete a plan review <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Average time (in days) from intake to decision (approval or denial) ▪ Average number of submittals required before permit is issued ▪ Percent of plan review and permit fees collected accurately ▪ Percent of respondents (customers) rating their satisfaction with the quality of plan review services as good or excellent <ul style="list-style-type: none"> ○ Timeliness of review ○ Thoroughness of review ○ Professionalism of staff ▪ Percent change in the number of new applications reviewed <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Average time (in days) to complete a first review <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Percent of applications submitted to Planning Commission within # days of filing ▪ Percent of applications reviewed accurately 	<ul style="list-style-type: none"> ▪ Number of plan reviews completed per FTE ▪ Cost per plan review completed ▪ Number of applications reviewed per FTE <ul style="list-style-type: none"> ○ Residential ○ Commercial ▪ Average cost per application reviewed ▪ Number of reports prepared for the planning commission 	<ul style="list-style-type: none"> • Number of plan reviews completed <ul style="list-style-type: none"> ○ Residential ○ Commercial • Number of applications received • Number of permits issued • Total fees collected • Number of applications processed <ul style="list-style-type: none"> ○ Residential ○ Commercial • Number of new applications reviewed <ul style="list-style-type: none"> ○ Municipal ○ Residential ○ Commercial • Number of applications first reviewed within # days of filing • Number of applications submitted to Planning Commission within # days of filing • Total time (in hours) spent reviewing applications <ul style="list-style-type: none"> ○ Municipal ○ Residential ○ Commercial • Number of Planning Commission meetings conducted • Number of Planning Commission reports prepared

Program Area	Effectiveness	Efficiency	Workload
Public Works	<ul style="list-style-type: none"> ▪ Percent of pavement rated as good or better in the pavement condition index ▪ Percent of emergency repairs completed with # hours ▪ Percent of preventative maintenance completed as scheduled (stormwater infrastructure) ▪ Percent of potholes filled within # hours of identification ▪ Average number of days to complete a fleet maintenance work order (by type of vehicle) ▪ Percent of preventative vehicle maintenance completed as scheduled ▪ Percent of fleet units that meet APWA/NAFA recommended utilization rates ▪ Percent of fleet problems diagnosed and scheduled for repair with 72 hours ▪ Percent of survey respondents (fleet users) rating fleet services as good or excellent (quality of repair and timeliness of repair) ▪ Percent of repeat repairs completed within 30 days of original repair 	<ul style="list-style-type: none"> ▪ Cost per lane mile maintained ▪ Number of lane miles maintained per FTE ▪ Average wrenching time per Fleet Maintenance FTE ▪ Average operating and maintenance cost per fleet unit (by type of vehicle) ▪ Percent of mechanic hours that are billable to customer departments ▪ Number of work orders completed per FTE ▪ Average fuel cost per 1,000 miles driven (by type of vehicle) ▪ Average maintenance cost per 1,000 miles driven (by type of vehicle) 	<ul style="list-style-type: none"> • Number of lane miles maintained • Number of catch basin repairs completed • Number of stormwater infrastructure repairs completed • Number of linear feet of stormwater infrastructure maintained • Number of fleet maintenance work orders completed • Number of repeat fleet repairs completed • Number of emergency fleet repairs completed • Number of fleet units maintained (by type of vehicle)
Finance	<ul style="list-style-type: none"> ▪ Percent of payrolls processed without exception ▪ Percent of monthly bank reconciliations completed within seven business days of month end ▪ Percent of survey respondents (vendors) rating the Finance Department as good or excellent (timeliness of payment and professionalism of staff) ▪ Percent of survey respondents (City employees) rating Finance Department staff as good or excellent (responsiveness and professionalism of staff) 	<ul style="list-style-type: none"> ▪ Average number of invoices processed per FTE ▪ Cost per invoice processed 	<ul style="list-style-type: none"> • Total dollar amount of all invoices processed • Number of invoices processed • Total number of payroll checks processed

Program Area	Effectiveness	Efficiency	Workload
Police	<ul style="list-style-type: none"> ▪ Percent of residents rating the safety of their neighborhood as good or excellent ▪ Percent change in Part 1 crimes committed per 1,000 population (broken down by property and violent crime) ▪ Average response time for dispatched calls for service ▪ Percent of investigative cases cleared by type of case ▪ Percent change in the number of crimes occurring by UCR classification ▪ Crime clearance rate by UCR classification ▪ Percent of assigned cases cleared by arrest by UCR classification 	<ul style="list-style-type: none"> ▪ Number of new cases assigned per investigative FTE ▪ Average overtime cost per FTE ▪ Average number of hours of overtime per FTE ▪ Cost of police services per 1,000 residents ▪ Cost per investigation ▪ Number of investigative cases cleared per FTE 	<ul style="list-style-type: none"> • Number of calls for service • Number of investigative cases assigned by UCR classification • Number of investigative cases cleared by UCR classification

ATTACHMENT C – FLEET MANAGEMENT PERFORMANCE MEASURES

Maintenance and Repair Performance Measures

- Ratio of direct technician labor hours to indirect technician labor hours
- Downtime (or uptime) percentage by class of vehicle (excludes accidents)
- Percentage repairs that are repeat repairs (comebacks by shop)

Performance Measures that Monitor Preventative Maintenance (PM) Compliance

- Mechanic Performance: Measures mechanic performance against time standard for each PM service (A, B, C, D) for each class of vehicle over a given period.
- PM Compliance: Measures the percentage (%) of PM inspections performed against PMs due and scheduled on a monthly basis. PM labor hours backlogged at month-end.

Parts Services Performance Measures

- Downtime due to parts
- Percentage of repairs delayed due to stockouts/lack of parts
- Percentage charge or markup on the price of parts; by light duty; by heavy duty
- Parts turnover ratio (total number of parts used during a specified period divided by the average number of parts on hand at any given time)

Fuel Services Performance Measures

- Fully burdened cost of gallon of fuel
- Average fuel consumption (miles per gallon) by vehicle and class
- Fuel cost per mile

Acquisition, Replacement and Disposal Performance Measures

- Replacement performance measures
- Proportion of vehicles driven below minimum miles/hours criteria
- Average annual utilization (miles, hours) by vehicle class and type of assignment; ratio of annual utilization (miles, hours) by vehicle class to capacity (or output available)
- Disposition performance measures
- Average salvage value per class by method of disposition
- Ratio of salvage value to original purchase price

Other Performance Measures

- Agency Profit/Loss
 - Net annual revenues vs. operating expenditures (profit/loss) by fleet by class and by vehicle
- Fleet Costs
 - Total vehicle cost per mile/hour by fleet, by department, by class, by vehicle function
 - Capital cost per mile/hour by fleet, by department, by class, by vehicle function
 - Annual unit cost of each vehicle by class
 - Operating and maintenance cost per vehicle by class
 - Administrative overhead and replacement cost per vehicle by class

ATTACHMENT D – FLEET MANAGEMENT INFORMATION REPORT

Fleet Maintenance Reports - Management

(Produced monthly/quarterly/yearly unless otherwise noted)

- A. Actual operating costs vs. budgeted costs
- B. PM's scheduled vs. PM's performed
- C. Ratio of scheduled maintenance to unscheduled maintenance
- D. Ratio of direct time (wrenching) to indirect time (non-wrenching)
- E. Number and percentage of vehicles/equipment exceeding standards on number of repeat repairs, cost of repairs, road calls, downtime, utilization, cost per mile
- F. Accident report and cost estimate of damage
- G. Damage to vehicles/equipment due to neglect/abuse and related costs
- H. Shop labor rate and markups/charges (bi-annually)

Fleet Maintenance Reports - Customers (Divisions)

(Produced monthly/quarterly/yearly unless otherwise noted)

- A. Preventative maintenance schedule (monthly)
- B. Utilization by unit
- C. Downtime percentage - benchmarked according to targets

ATTACHMENT E – WORKLOAD BASED STAFFING METHODOLOGY – PATROL

The International Association of Chiefs of Police (IACP) recommends that, in developing patrol-staffing plans, a formula be used that allocates one-third of available time for response to calls for service, one-third of available time for officer-initiated activities, and one-third of time for administration and derivative activities. Management Partners applies the IACP recommended formula when calculating patrol-staffing analyses.

The initial step in analyzing patrol-staffing needs is to determine how much time a patrol officer is actually available, compared to the number of hours scheduled. All officers have time off for vacation, sick leave, training and other forms of leave. The Pottstown Police Department provided information that we have used to calculate average actual time available per officer.

Table E-1: Pottstown Patrol Officer Availability

Data Element	Average # of Hours per Patrol Officer
Total Hours Scheduled	2,184
Average Annual Hours - Vacation	142
Average Annual Hours - Sick Leave	48
Average Annual Hours - Training	128
Other Leave Time:	0
Compensatory Time	31
Paid Holiday Leave Time	96
Personal Leave Time	24
Kelly Leave Time	104
Death Leave	1
FMLA	7
IOD (Workers' Compensation)	4
Guaranteed Break Hours	182
Total Leave Hours	767
Total Available Hours	1,417

Each officer, on average, is available to provide patrol service 1,417 hours a year. Applying the IACP-recommended formula to that total indicates that approximately 472.3 hours should be allocated to answering calls for service, 472.3 hours for officer-initiated activities, and 472.3 hours for administrative and derivative activity.

Having established officer availability values, we turn to how much time is required to answer calls for service. Dispatch data must be analyzed to determine the time used by patrol officers responding to calls for service. This activity is measured from the time a dispatcher in the communications center dispatches a patrol unit until the time the patrol unit reported it was available to respond to another call.

If more than one patrol unit was dispatched to an incident, the times of all units dispatched are included in the time reported. Based on the time consumed answering calls for service, and the recommended allocation of 472 hours per unit for responding to calls for service, we can then

determine the number of patrol officers needed to meet the IACP recommendation. This is done by calculating the total number of hours consumed responding to calls for service each year and dividing it by the number of hours each patrol officer should be available to initiate proactive policing. For example, if the department expended 10,000 hours responding to calls for service in 2008, the appropriate staffing level for the Patrol Division would be 21 patrol officers (10,000 divided by 472).

To calculate the number of personnel that must be hired to provide the equivalent of 21 positions, it is necessary to calculate a relief factor. Data provided by the Pottstown Police Department indicates officers are available an average of 1,417 hours annually. One 12 hour shift 365 days a year equals 4,368 hours that must be staffed. Shift scheduling is used for calculating the relief factor because personnel work in shifts and the number of personnel scheduled per shift may vary.

To determine how many personnel must be hired to staff one 12 hour shift the entire year, divide 4,368 hours by 1,417 hours. The product is the relief factor – in this case 3.08. To determine the total number of personnel that must be assigned to patrol to produce 21 available positions, multiply the number of positions needed – 21 – by the relief factor of 3.08. This hypothetical scenario indicates that 65 officers should be assigned to patrol operations.

ATTACHMENT F – WORKLOAD BASED STAFFING METHODOLOGY – INVESTIGATIONS

This attachment provides a hypothetical case to illustrate how to apply the workload-related staffing methodology recommended in this report. The hypothetical case is a unit that investigates only aggravated assaults and homicides.

Step One: Determining the average number of hours consumed per case assigned for investigation by case type.

To derive this number, the following data must be tracked separately for each type of case assigned to the unit:

- Total number of labor hours spent by unit personnel on cases assigned for investigation
- Total number of cases assigned for investigation

Table F-1 contains the data used for this example.

TABLE F-1: 2009 LABOR HOURS AND CASES ASSIGNED FOR HYPOTHETICAL UNIT

Case Type	Number of Cases Investigated	Labor Hours Spent On Investigations	Average Hours Consumed Per Case
Homicide	49	4,287.5	87.5
Aggravated Assault	273	6,006	22

Step Two: Determining the projected case load hours by case type.

To determine this factor, the following data must be tracked separately for each type of case assigned to the unit:

- Average hours consumed per case (as calculated in Table F-1)
- The number of cases assigned for investigation per year each year for the most recent five-year period.

Table F-2 contains the data used for this example.

TABLE F-2 : PROJECTED CASE LOAD HOURS FOR HYPOTHETICAL UNIT

Year	# of Homicides Investigated	# of Aggravated Assaults Investigated
2005	56	314
2006	42	295
2007	35	322
2008	55	230
2009	49	273
Five-Year Total	237	1,434
Five-Year Average	47	287
Average Hours/Case	87.5	22
Projected Case Load Hours	4,112.5	6,314

Step Three: Determining the FTE requirement by case type.

To determine this factor, the following data must be tracked separately by case type:

- Projected case load hours by case type (as shown in Table F-2)
- Net available work hours per position (as calculated in Attachment E)

Table F-3 has the data for this example.

TABLE F-3: NUMBER OF FTE PERSONNEL REQUIRED BY CASE TYPE FOR HYPOTHETICAL UNIT

Case Type	Projected Case Load Hours	Net Available Work Hours Per Position	# of FTE Personnel Required
Homicide	4,112.5	1,538	2.67
Aggravated Assault	6,314	1,538	4.11

Step 4: Determining the total number of investigative personnel needed.

To determine this total, the following data must be available for this hypothetical unit:

- Number of FTE Personnel Required for Homicide Investigations (as shown in Table 3)
- Number of FTE Personnel Required for Aggravated Assault Investigations (as shown in Table 3).

Table 4 illustrates the calculation for this unit.

TABLE F-4: TOTAL FTE INVESTIGATIVE PERSONNEL NEEDED FOR HYPOTHETICAL UNIT

Case Type	# of FTE Investigative Personnel Needed
Homicide	2.67
Aggravated Assault	4.11
Total All Cases	6.78

This example illustrates the methodology used to arrive at the number of investigative personnel needed to staff the hypothetical unit, based on the workload data used in the example. In this particular example, the number of investigative personnel needed is 6.78. If the number is not a whole number, as will be the case most of the time, the number should be rounded up or down using the normal rule of rounding up to the next nearest whole number fractions of half or more, and rounding down fractions that are less than half. In this example, the number of investigative personnel would be rounded up to seven.

In addition to calculating the number of investigative personnel needed in a unit using the workload methodology, appropriate provisions should be made for supervision and command using standards established for supervision through the IACP. In this case, applying IACP standards of one sergeant for every six to 10 personnel leads to the conclusion that one sergeant should also be assigned to the unit for first-line supervision purposes.