

OHIO AUDITOR OF STATE
KEITH FABER



City of Marietta

Performance Audit

February 2024

OHIO AUDITOR OF STATE
KEITH FABER



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To the Marietta Community:

The Auditor of State's Office recently completed a performance audit of the City of Marietta at the request of the City Council. This review was conducted by the Ohio Performance Team and provides an independent assessment of the City's operations.

This performance audit report contains recommendations, supported by detailed analysis, to enhance the overall economy, efficiency, and/or effectiveness of the City's operations. This report has been provided to the City Council and its contents have been discussed with the officials and administrators. The City Council has been encouraged to use the recommendations and information contained in the report to make informed decisions regarding future operations.

It is my hope that the City Council will use the results of the performance audit as a resource for improving operational efficiency as well as service delivery effectiveness. The analyses contained within are intended to provide management with information, and in some cases, a range of options to consider while making decisions about their operations.

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

Sincerely,

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 6, 2024

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City of Marietta

Performance Audit Summary

What We Looked At

We reviewed the City's current financial condition and historical financial performance and compared key indicators to both a local peer set and a statewide peer set. We also projected the City's future financial performance in the General Fund based on historical revenue and expense trends. Further, we examined the City's strategic and capital planning practices, as well as its contract management and monitoring practices, and compared them to industry best practices. We also examined the City's current operational dynamic related to the provision of health services and compared it to how these services are commonly provided across the State.

There are five areas within Operations and HR that we analyzed for opportunities of improved efficiency and appropriate use of resources: staffing, salaries, collective bargaining agreements (CBAs), insurance offerings, and fleet management. We compared staffing, salaries, CBAs, and insurance offerings to peers and the ORC, and we compared the City's fleet management practices to industry best practices.

What We Found

We found that Marietta does not engage in multi-year financial forecasting and the City's recent declining financial condition could be improved by utilizing multi-year financial forecasting and enhanced financial communication. We found that if the City's recent trend of negative operating results and cash depletion in the General Fund continues, it could be depleted by as early as 2025. We also found that the City lacks important plans and processes related to financial management. While the City has established a capital plan, it has not developed a formal strategic plan or implemented contract management and monitoring processes. Lastly, we found that the current health services dynamic between the Marietta/Belpre Health District and the Washington County Health Department could be resulting in less efficient provision of services based on their close proximity and similarities in service offerings.

In terms of human resources and operations, we found that, based on workload ratios, staffing levels in Marietta are higher in several key areas in comparison to the local and statewide peer averages. We also found that while the City's insurance offering is less expensive than what is expected regionally and across the state, opportunities for improved efficiency exist regarding compensation and collective bargaining provisions relative to the local peers. Additionally, we found that the City's fleet management program could be improved through the collection of critical maintenance and repair cost data.

Key Observations

Key Observation 1: Our analysis shows that generally, Marietta receives more revenue across all funds compared to the local and statewide peer averages, but also has higher corresponding spending relative to the peers. In the General Fund, Marietta’s spending is higher relative to both sets of peers, even though it has less reliance on the General Fund versus all other funds in comparison to the peers. This means that Marietta’s projected decline in the General Fund’s financial position is much more likely a function of spending and not a function of revenue constraints. We identified several areas in which higher spending may be attributed, which include high staffing levels in several operational areas, higher compensation, and costly CBA provisions.

Key Observation 2: Marietta’s current practice of sponsoring a city-run health district is uncommon in the State of Ohio, as most cities instead rely on their respective county’s health department for health services. Typically, of the select number of cities that provide health services at the city level, most are significantly larger than Marietta. Further, we found that across the State, the physical proximity between a given health district and its next closest district is far greater than the distance between the Marietta/Belpre Health District and the Washington County Health District. The current dynamic could be resulting in less efficient provision of services based on their close proximity and similarities in service offerings.

Key Observation 3: The City offers its employees medical, prescription, dental, and vision insurance through the Michigan Conference of Teamsters Welfare Fund Benefit Package 807. We compared the City’s insurance costs to regional and statewide data from the State Employee Relations Board (SERB) and found that Marietta’s insurance program is more cost-effective.

Summary of Recommendations

Recommendation 1: Currently, the City does not engage in multi-year forecasting. While standard internal financial reports are provided to City Council and City Administration officials at regular intervals and are consistent with financial reports provided by the peers, they do not offer the same level of transparency and actionability that multi-year financial projections would provide. The City’s recent declining financial condition could be improved by utilizing multi-year financial forecasting and enhanced financial communication. Marietta should develop multi-year financial forecasts and improve financial reporting and communication efforts.

Recommendation 2: While a comprehensive plan was developed by volunteers for Marietta in the early 2000’s, officially the City does not have a formal strategic plan in place. However, the City does have a 10-year capital improvement plan that includes project descriptions, priority categorizations, projected costs, timelines, and funding types. The City should develop a formal, written strategic plan and periodically update the current capital plan at regular intervals.

Recommendation 3: In instances where a service is traditionally provided internally by the City, the City does not have a process for determining whether contracting out the service would be advantageous in terms of quality and cost. Additionally, with the exception of monitoring when

contracts are due for renewal, the City does not have a formal contract management process in place. Marietta should establish a process for determining when to enter into contracts and how they should be structured and monitored.

Issue for Further Study: While the suite of service offerings varies between the Marietta/Belpre Health District and the Washington County Health Department, there are a number of redundant offerings. Consolidation with the County is one potential option that could lead to reduced costs while maintaining service levels. Marietta should evaluate opportunities to more efficiently provide health services to its residents.

Recommendation 4: Marietta employees provide a broad range of services to City residents. In the finance and tax department, property maintenance department, water department, and wastewater department, the City’s staffing levels are in line with the peers. However, in certain aspects of its operations the City is staffed higher than the peers. While staffing levels are ultimately value decisions in which service level expectations must be weighed in consideration of cost, Marietta should consider adjusting their staffing levels for the public works department, utility billing department, and police and fire departments to align with peers.

Recommendation 5: Higher salaries are ultimately a function of CBA negotiations between the City’s officials and the three collective bargaining units. Contributing factors to overall higher compensation may include longevity levels and step increase amounts that are comparatively higher than the respective peers. The City of Marietta should consider renegotiating salary schedules to align with peers.

Recommendation 6: Collective bargaining can have a significant impact on the overall cost of an entity’s operation. Several provisions were identified in each of the City’s CBA’s that exceed ORC requirements and/or the local peer contracts. The City of Marietta should consider renegotiating its CBA provisions to align with ORC requirements and local peer cities in order to reduce future expenditures and decrease the risk for future liabilities.

Recommendation 7: While the City has developed formal vehicle preventative maintenance and replacement plans, maintenance and repair costs are not recorded and tracked, and are subsequently not factored into fleet management decisions. As a result, the City may not be able to effectively evaluate the timing of its fleet replacement needs, which could lead to premature vehicle purchases or unnecessary operating expenses from keeping vehicles in service longer than is financially optimal. Marietta should improve its fleet management data collection and apply it to its decision-making process.

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Introduction

The Ohio Auditor of State’s Ohio Performance Team (OPT) conducts performance audits of government entities and provides data-driven analyses and recommendations which can assist officials in improving the economy, efficiency, and effectiveness of both an organization as a whole, or a small department or program.¹ While performance audits may be provided to entities as a result of certain fiscal concerns that are identified by OPT, any entity, regardless of financial condition, may request, and benefit from, a performance audit.

In 2023, the City of Marietta (Marietta or the City) requested a performance audit of its financial management, human resources, and operations from OPT. At their core, municipal governments are service-oriented organizations that provide residents with a multitude of benefits. Those services and benefits come at a cost to its residents, and so it is vitally important that local governments act as good stewards of public money. Sound financial planning, communication, and transparency are important parts of ensuring good stewardship, as are human resource and operational management practices that optimize efficiency and effectiveness.

We reviewed the City’s financial management, human resources, and operational practices and efficiency levels. Scope areas were analyzed with specific objectives in mind. When applicable, recommendations are based on industry standards, best practices, or peer comparisons.

¹ Performance audits are conducted in accordance with Generally Accepted Government Auditing Standards, see **Appendix A** for more details.

City of Marietta

The City of Marietta (the City or Marietta) was the first permanent U.S. settlement established in the Northwest Territory and is located in southeast Ohio along the confluence of the Ohio and Muskingum Rivers. Formally established as a city in 1825, Marietta covers approximately 8.5 square miles of Washington County with a population of approximately 13,400 residents².



Governance

Marietta is not governed by a local charter, but instead is commonly referred to as a *statutory city*, which derives its authority to operate as a municipal government under Title 7 of the Ohio Revised Code (ORC). In accordance with the ORC, the City elects a Mayor, Auditor, Treasurer, and Law Director to four-year terms, a Municipal Court Judge to six-year terms, and a seven-member Council to two-year terms. A non-voting Council President serves as the presiding officer of the elected seven-member City Council. Three members serve at-large while four members serve individual wards. Generally, the powers of statutory cities are limited by the specific authority granted to them through state statute. In Ohio, counties, cities, villages, and some townships are permitted to develop home rule charters that define the structure, power, duties, and authority of their local governments.³ Charter cities may take actions and adopt specific ordinances as they determine to be in their best interest so long as they do not conflict with state or federal laws, or the Ohio and U.S. Constitutions. Matters that are commonly spelled out in city charters include the type of government used, the number of council members and their respective term lengths, the duties of the city executive and specific staff members, the citizens’ right to initiative, recall, and/or referendum, the city’s right to annex, tax, and provide safety services, and to establish procedures and ethics.

Public Services

In terms of operations, Marietta’s government has multiple departments which are responsible for providing a wide array of services to its residents including fire, police, property maintenance and zoning, public works, water and sewer services, municipal court services, and general administrative services. The scope of the audit included a city-wide assessment of the City’s finances, operations, and human resources (HR).

² Population is based on FY 2021 U.S. Census data.

³ Cuyahoga County and Summit County have adopted home rule charters; townships with populations greater than 2,500 residents may adopt home rule charters.

Finances

A variety of revenue sources allow the City to provide services to residents such as ensuring roads are salted in the winter, police respond promptly to calls, and that green spaces are appropriately maintained. These revenue sources include property taxes, income taxes, licensing fees, and charges for services. Much like an individual may have a checking, savings, and retirement account, cities operate using multiple types of accounts for various activities related to daily operations and long-term planning. Revenues are allocated to accounts based on a variety of factors including legal authority, and these accounts allow for the transparent use of public dollars.

Fund Types

Government entities can maintain three different types of funds: Governmental, Proprietary, and Fiduciary. Governmental and Proprietary funds can be used for operations whereas a Fiduciary fund contains resources held by a government but belonging to other individuals or entities.

Governmental Funds obtain revenue through various types of taxes and are similar to personal accounts that an individual might maintain such as a checking, savings, or retirement account. These funds are used for a variety of purposes for both the daily operations and long-term goals of a city.

Marietta uses the **General Fund**, a type of Governmental Fund, for the majority of City-wide operations. The General Fund operates like an individual's primary checking account. The majority of revenues go to the General Fund and can be used for the majority of day-to-day expenditures such as payroll or office supplies.

Other Governmental Funds are similar to retirement accounts, they are designated for a specific purpose and their use is restricted. Marietta has several Governmental Funds which are designated for specific purposes such as the Street Income Tax Fund and the Capital Improvements Fund.

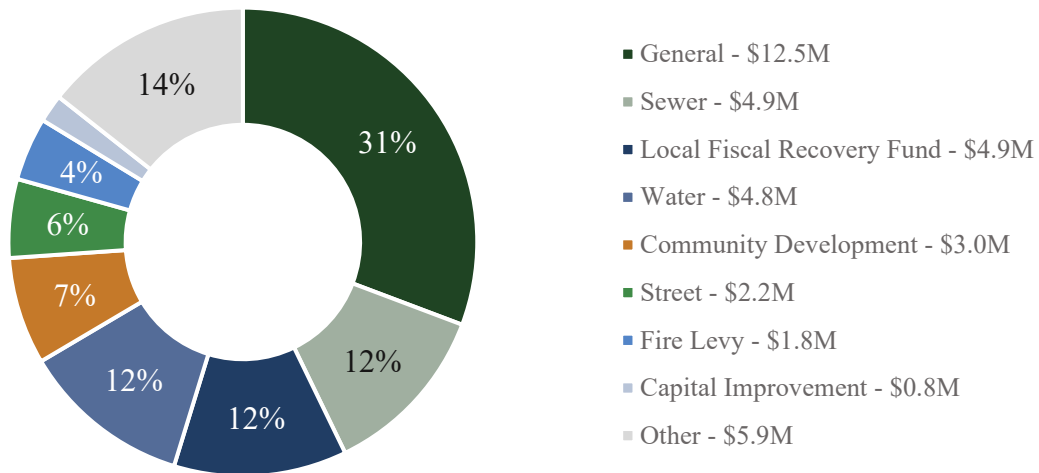
Proprietary Funds are similar to business accounts. They obtain revenue through fees for services or memberships and that revenue is used to pay for the expenses related to the specific business operations. For example, Marietta uses proprietary funds to run the water department, sewer department, and aquatic center. In each case, individuals are charged to use the service – water and sewer bills or aquatic center fees – and those charges are used to provide specific services.

Revenue

In Calendar Year (CY) 2022, Marietta had approximately \$40.8 million in total revenues. These revenues were divided into 50 funds. The General Fund was the largest fund, comprising 31 percent of all revenue, followed by 12 percent of revenue going into the Sewer Fund, Local

Fiscal Recovery Fund, and Water Fund, respectively. The Community Development Fund comprised seven percent of all revenue, followed closely by the Street Fund at six percent and the Fire Levy Fund at four percent. Examples of the remaining 43 revenue funds include the Capital Improvement Fund, Water Facility Upgrades fund, and Police Training fund which make up the remaining 16 percent of funds in the chart below.

All Funds Revenue in CY 2022 (\$40.8M in total)



Source: The City of Marietta

Note: Across all funds, Marietta received \$615,370 in state funding sources, including grants and reimbursements. Due to the dynamic between the City and the Marietta/Belpre Health District in which the City handles the Health District’s financial accounting, approximately \$707,500 of revenue in the Other category consists of pass-through funds for the Health District, which includes approximately \$200,000 in transfers from Marietta’s General Fund.

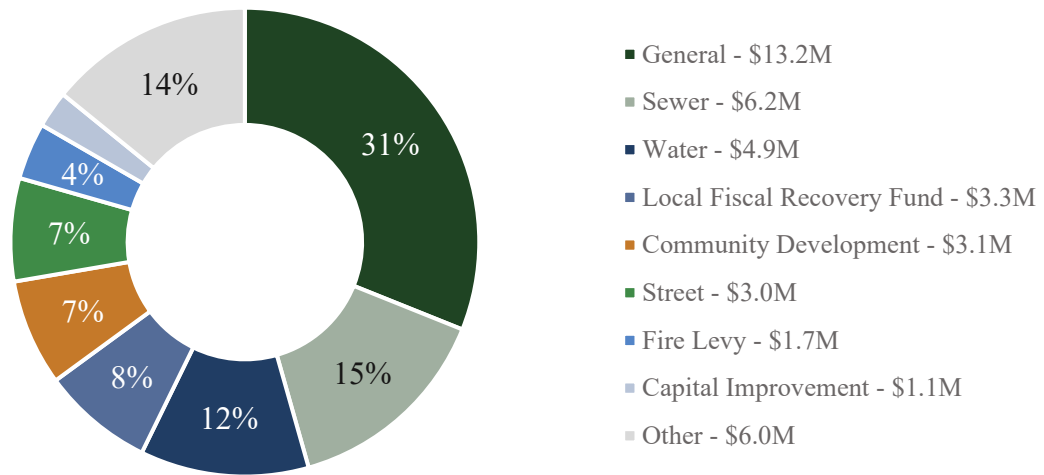
In CY 2022, 78 percent of the City’s General Fund revenue were comprised by taxes, of which the vast majority was from the City’s 1.85 percent income tax (see **Appendix B**).⁴

Expenditures

In CY 2022, Marietta’s overall expenditures totaled approximately \$42.3 million, or approximately \$1.5 million more than total revenue for the year. Expenditures were split between 42 funds, the majority of the expenditures, 58 percent, came from three funds: the General Fund, Sewer Fund, and Water Fund, at 31 percent, 15 percent, and 12 percent respectively. Across all funds, the majority of the expenditures were personnel related, as salaries and wages and fringe benefits comprised over 81 percent of the annual total.

⁴ 0.15% of the income tax is split among separate funds for Fire and Street operations at 2/3 and 1/3, respectively.

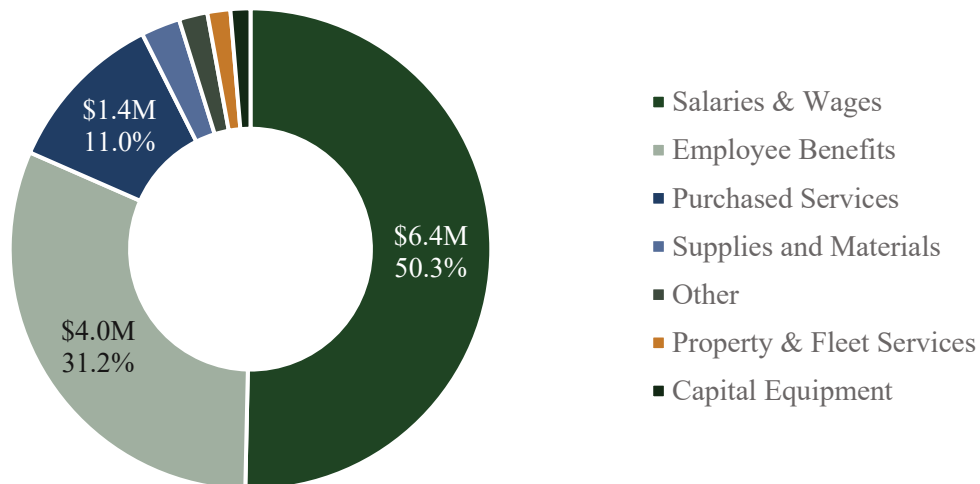
All Funds Expenditures in CY 2022 (\$42.5M in total)



Source: The City of Marietta

Note: Due to the dynamic between the City and the Marietta/Belpre Health District in which the City handles the Health District's financial accounting, approximately \$816,600 of expenditures in the Other category consist of pass-through funds for the Health District, which includes approximately \$200,000 in transfers from Marietta's General Fund.

CY 2022 General Fund Expenditures by Object of Accounting



Source: The City of Marietta

Note: Salaries and Wages includes approximately \$890,301 in salaries and benefits for Court staff. Other includes advertising, harbor taxes, property tax, income tax refunds, E-ready, and miscellaneous expenditures. Purchased Services includes \$217,326 in purchased personal services expenditures.

Financial Analysis

Fiscal responsibility and directing resources to those programs and services which are identified as important or critical to the community is one role of local government. Revenues and expenditures are the building blocks of any organization, including government entities. Operating a city involves a balancing act involving limited revenues and demands for services and programs to ensure the effective and efficient delivery of programs and services.

What We Looked At

We reviewed the City's current financial condition and historical financial performance and compared key indicators to both a local peer set and a statewide peer set. We also projected the City's future financial performance in the General Fund based on historical revenue and expense trends. Further, we examined the City's strategic and capital planning practices, as well as its contract management and monitoring practices, and compared them to industry best practices. Lastly, we examined the City's current operational dynamic related to the provision of health services and compared it to how these services are commonly provided across the State.

What We Found

We found that Marietta does not engage in multi-year financial forecasting and the City's recent declining financial condition could be improved by utilizing multi-year financial forecasting and enhanced financial communication. We found that if the City's recent trend of negative operating results and cash depletion in the General Fund continues, it could be depleted by as early as 2025. We also found that the City lacks important plans and processes related to financial management. While the City has established a capital plan, it has not developed a formal strategic plan or implemented contract management and monitoring processes. Lastly, we found that the current health services dynamic between the Marietta/Belpre Health District and the Washington County Health Department could be resulting in less efficient provision of services based on their proximity and redundancies in service offerings.

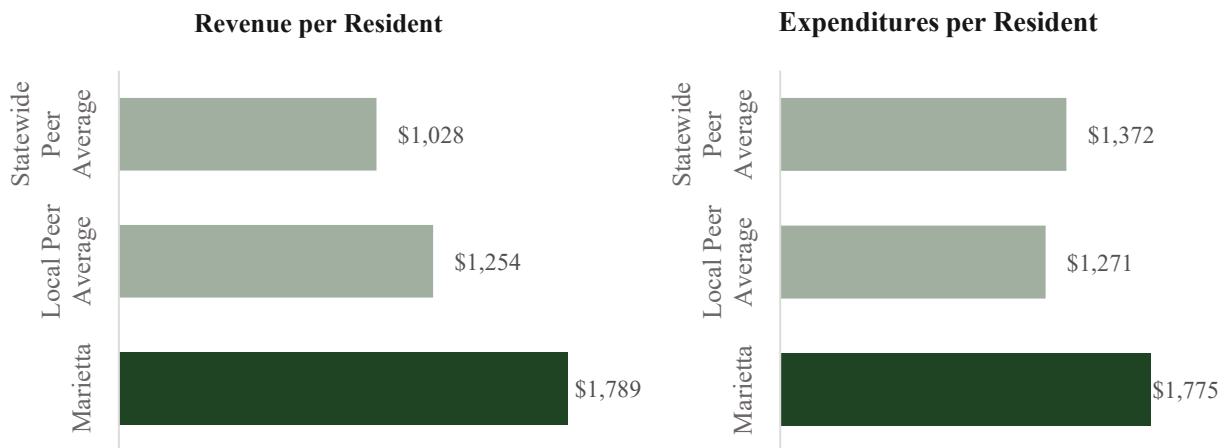
Peer Revenue and Expenditure Comparisons

Below we illustrate a series of revenue and expenditure per resident comparisons between Marietta and the local and statewide peer averages⁵. The first set of charts is comparing the revenue and expenditures per resident of all funds. Examining revenue and expenditures across all funds is important because it controls for differences in the degree to which cities may rely on different types of funds. Generally, our analysis shows a pattern of higher overall revenue

⁵ While Marietta's CY 2022 financial data was used whenever possible, CY 2021 data was primarily used for the purposes of peer comparisons due to the availability of information. Peer comparisons relied primarily on 2021 audited financial statements, which were the most recently available at the time of the performance audit.

coupled with higher corresponding spending relative to the peers. For additional comparisons see **Appendix B**.

CY 2021 All Funds per Resident: Revenue versus Expenditures



Source: City of Marietta and Peers' 2021 Financial Audits; US Census Bureau

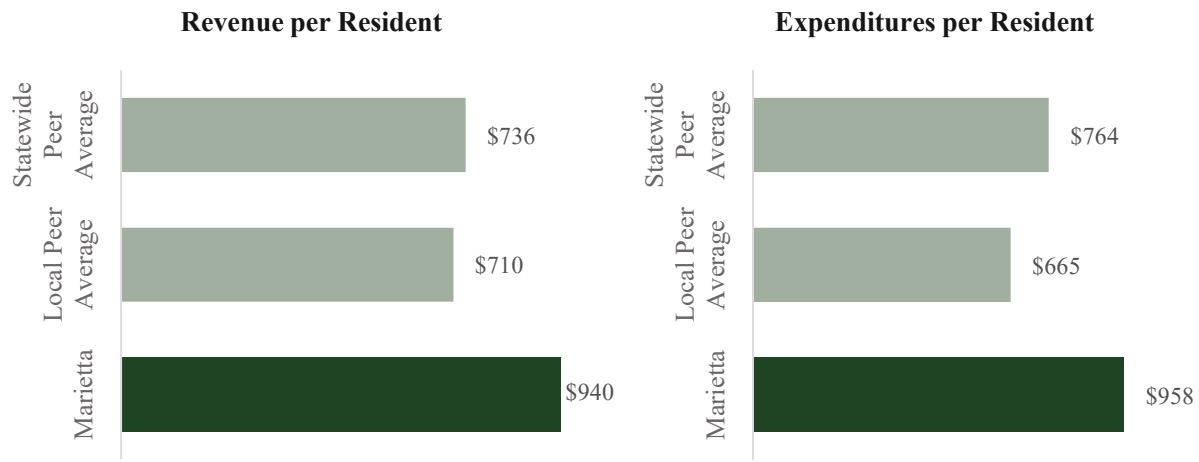
Note: Sharonville is excluded from the Statewide Peer Average revenue calculation as their income tax revenue is over three times the standard deviation of the other Statewide peers. A full list of peers can be found in [Appendix A](#).

Note: Englewood is excluded from the Statewide Peer Average expenditure calculation as their 2021 general fund expenditure is significantly lower. Englewood uses their general fund for different purposes than the other Statewide peers. However, Englewood's all funds expenditure per resident was \$1,269.31.

The second comparison is between the revenue and expenditures per resident for the General Fund. In most cases, General Fund expenditures per resident should be less than the revenue per resident to avoid deficit spending, as shown below for the peers, however Marietta's expenditures per resident are higher than their revenue per resident.⁶ Marietta has been able to draw down its available fund reserve balances to cover operating expenditures that exceed revenue. It is also important to note that Marietta's General Fund spending is higher relative to both sets of peers, even though it has less reliance on the General Fund versus all other funds. This means that Marietta's projected decline in the General Fund's financial position is much more likely a function of spending and not a function of revenue constraints.

⁶ In some circumstances, such as when an entity possesses excess reserves, it may be appropriate to deficit spend in order to spend down excess reserves.

CY 2021 General Fund per Resident: Revenue versus Expenditures



Source: City of Marietta and Peers' 2021 Financial Audits; US Census Bureau

Note: Sharonville is excluded from the Statewide Peer Average revenue calculation as their income tax revenue is over three times the standard deviation of the other Statewide peers.

Note: Englewood is excluded from the Statewide Peer Average expenditure calculation as their 2021 general fund expenditure is significantly lower as Englewood uses their general fund for different purposes than the other Statewide peers.

For a more detailed example of a General Fund area that Marietta is expending significantly more than their peers, see the Public Safety comparison in **Appendix B**. In CY 2021, Marietta spent \$502 per resident compared to their local and statewide peers which expended \$371 and \$369, respectively.

The audit analysis identified the following recommendations which highlight key areas for improvement regarding the City's operations and financial management practices.

Recommendations are designed to provide the City with actionable items to improve the efficiency and effectiveness of their operations.

Summary of Recommendations

Recommendation 1: Currently, the City does not engage in multi-year forecasting. While standard internal financial reports are provided to City Council and City Administration officials at regular intervals and are consistent with financial reports provided by the peers, they do not offer the same level of transparency and actionability that multi-year financial projections would provide. The City’s recent declining financial condition could be improved by utilizing multi-year financial forecasting and enhanced financial communication. Marietta should develop multi-year financial forecasts and improve financial reporting and communication efforts.

Recommendation 2: While a comprehensive plan was developed by volunteers for Marietta in the early 2000’s, officially the City does not have a formal strategic plan in place. However, the City does have a 10-year capital improvement plan that includes project descriptions, priority categorizations, projected costs, timelines, and funding types. The City should develop a formal, written strategic plan and periodically update the current capital plan at regular intervals.

Recommendation 3: In instances where a service is traditionally provided internally by the City, the City does not have a process for determining whether contracting out the service would be advantageous in terms of quality and cost. Additionally, with the exception of monitoring when contracts are due for renewal, the City does not have a formal contract management process in place. Marietta should establish a process for determining when to enter into contracts and how they should be structured and monitored.

Issue for Further Study: While the suite of service offerings varies between the Marietta/Belpre Health District and the Washington County Health Department, there are a number of redundant offerings. Consolidation with the County is one potential option that could lead to reduced costs while maintaining service levels. Marietta should evaluate opportunities to more efficiently provide health services to its residents.

Recommendation 4: Marietta employees provide a broad range of services to City residents. In the finance and tax department, property maintenance department, water department, and wastewater department, the City’s staffing levels are in line with the peers. However, in certain aspects of its operations the City is staffed higher than the peers. While staffing levels are ultimately value decisions in which service level expectations must be weighed in consideration of cost, Marietta should consider adjusting their staffing levels for the public works department, utility billing department, and police and fire departments to align with peers.

Recommendation 5: Higher salaries are ultimately a function of CBA negotiations between the City’s officials and the three collective bargaining units. Contributing factors to overall higher compensation may include longevity levels and step increase amounts that are comparatively higher than the respective peers. The City of Marietta should consider renegotiating salary schedules to align with peers.

Recommendation 6: Collective bargaining can have a significant impact on the overall cost of an entity’s operation. Several provisions were identified in each of the City’s CBA’s that exceed ORC requirements and/or the local peer contracts. The City of Marietta should consider renegotiating its CBA provisions to align with ORC requirements and local peer cities in order to reduce future expenditures and decrease the risk for future liabilities.

Recommendation 7: While the City has developed formal vehicle preventative maintenance and replacement plans, maintenance and repair costs are not recorded and tracked, and are subsequently not factored into fleet management decisions. As a result, the City may not be able to effectively evaluate the timing of its fleet replacement needs, which could lead to premature vehicle purchases or unnecessary operating expenses from keeping vehicles in service longer than is financially optimal. Marietta should improve its fleet management data collection and apply it to its decision-making process.

Recommendation 1: Develop Multi-Year Financial Forecasts and Improve Financial Reporting and Communication Efforts

Currently, the City does not engage in multi-year forecasting. While standard internal financial reports are provided to City Council and City Administration officials at regular intervals and are consistent with financial reports provided by the peers, they do not offer the same level of transparency and actionability that multi-year financial projections would provide. The City’s recent declining financial condition could be improved by utilizing multi-year financial forecasting and enhanced financial communication. Marietta should develop multi-year financial forecasts and improve financial reporting and communication efforts.

Impact

As a result of failing to conduct multi-year projections, the City frequently experiences a negative operating position and relies on unplanned, year-end adjustments or deferring payment into the next year in order to achieve a balanced budget. The City is also potentially headed toward depleted General Fund balances and insufficient cash reserve levels. Further, limiting financial reporting and communication efforts to standard monthly reports reduces overall transparency and the City’s ability to make proactive, strategic decisions that could improve fiscal health.

Background

In 2007, the Auditor of State (AOS) released a performance audit of the City of Marietta that included a financial forecast with detailed assumptions. The audit recommended that the City create specific policies and procedures to ensure reliability and consistency in the development and review of a five-year forecast.

Methodology

We interviewed City officials and consulted with the AOS Local Government Services (LGS) division to understand the City’s current forecasting efforts and compared them to industry best practices and any relevant statutory and administrative rule requirements for government entities in Ohio.⁷ We then used Marietta’s historical financial data to project the future financial condition of the General Fund using two predictive models: a linear model and an exponential smoothing model. Linear models put equal weight into all data points, whereas exponential smoothing models put less weight on older data and more weight on recent data.

⁷ LGS serves as a consulting and fiscal advisory group to all government agencies, school systems, and political subdivisions in the State of Ohio. Services include assistance with annual financial reporting, financial forecasting and planning, and training opportunities, among others.

Financial results were projected over a five-year period through CY 2027. Projections conducted using both models include General Fund operating revenue and operating expenditures (see **Appendix B**). For the purposes of overlaying revenues and expenditures to determine the financial outlook, we relied on the exponential smoothing model to project the General Fund's future results of operations and ending fund balance⁸.

We also examined the City's historical General Fund reserve levels and projected them in future years using the more conservative linear model. Both the historical and projected reserve levels were compared to benchmarks established by the Government Finance Officers Association (GFOA) and Moody's.⁹

With respect to financial reporting and communication, Marietta finance officials were interviewed to gain an understanding of current practices. Those practices were then compared to the local and statewide peers through direct outreach and reviews of their respective publicly available information. Additionally, the City's financial communication practices were compared to industry best practices as recommended by the GFOA and a respected, Ohio-based Certified Public Accounting firm.

Analysis

Financial Projections

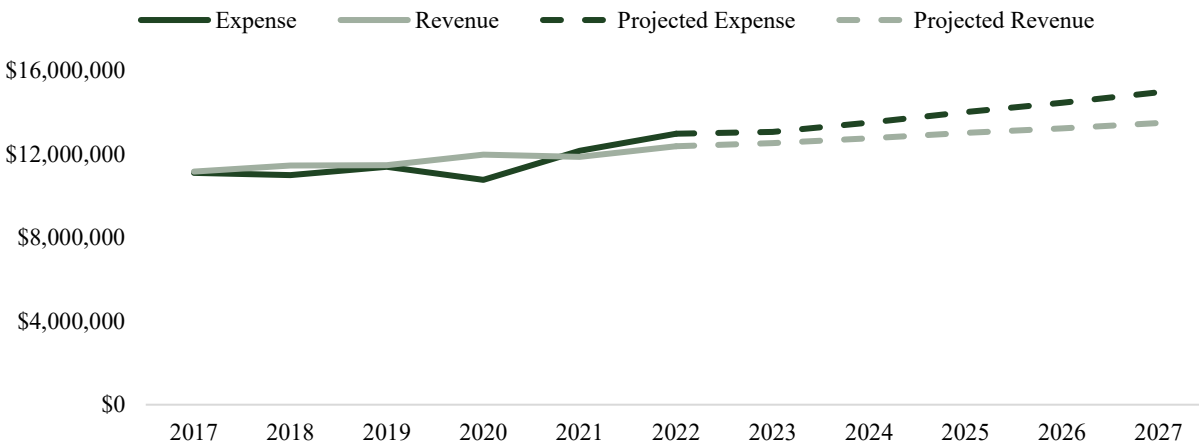
As discussed in the **Methodology** portion of this recommendation, the financial projections shown below are based strictly on historical results, and do not consider key elements normally included in a dedicated multi-year forecast, such as detailed assumptions for known or expected changes to revenue, expenditures, or significant events such as population or economic growth (or decline). Additionally, the projections do not account for changes in decision-making that may occur as a result of the performance audit. In short, the financial projections contained in this report are not a substitute for a dedicated multi-year financial forecast that is supported by underlying, detailed assumptions. These projections were conducted in order to demonstrate recent trends in the City's operating condition and their impact on fund balances.

The following chart shows Marietta's historical General Fund operating expenses and revenue in each year from CY 2017 through CY 2022, and the degree to which expenses are projected to outpace revenue through CY 2027 using the exponential smoothing model.

⁸ It is important to note that the scope of the audit did not include an audit objective to develop a full, comprehensive multi-year projection based on detailed assumptions. Such an endeavor would have necessitated time and resources beyond what could have been reasonably accommodated in the audit engagement.

⁹ Moody's Investors Service provides credit ratings for private companies and governments. Factors such as the financial health of an entity, including cash flow, debt ratios, and economic conditions, are considered in assigning a credit rating. Credit ratings are assigned using a scale ranging from the highest rating, Aaa, to the lowest rating, C.

General Fund Revenue and Expenditures

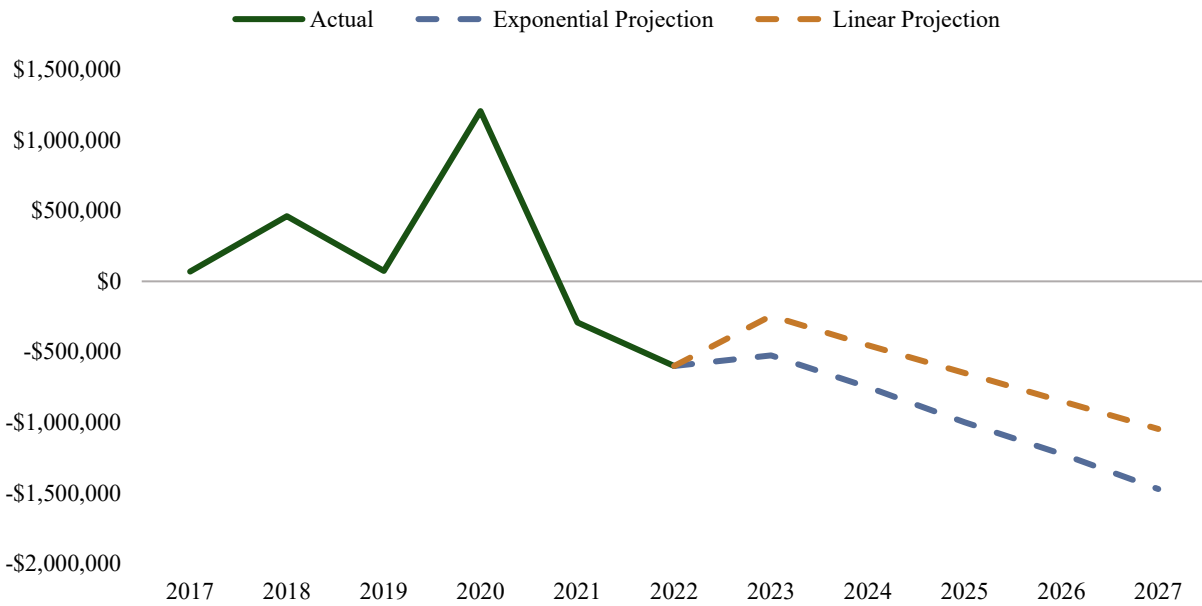


Source: City of Marietta

As this chart demonstrates, while operating results were positive in 2018, operating revenue only marginally exceeded expenses in 2017 and 2019, while operating expenses exceeded revenue in CY 2021, and CY 2022. That trend is projected to continue in each year through 2027.

Marietta’s operating revenue is expected to rise, on average, less than 2 percent per year from CY 2023 to CY 2027, or between approximately \$13 to \$14 million by 2027. Operating expenses are expected to increase by over 3 percent per year, or between \$14.5 million to \$15.5 million. Ultimately, expenditures outpacing revenue leads to suboptimal financial conditions, such as negative results of operations and, potentially, negative fund balances. The following charts show the General Fund’s historical and projected results.

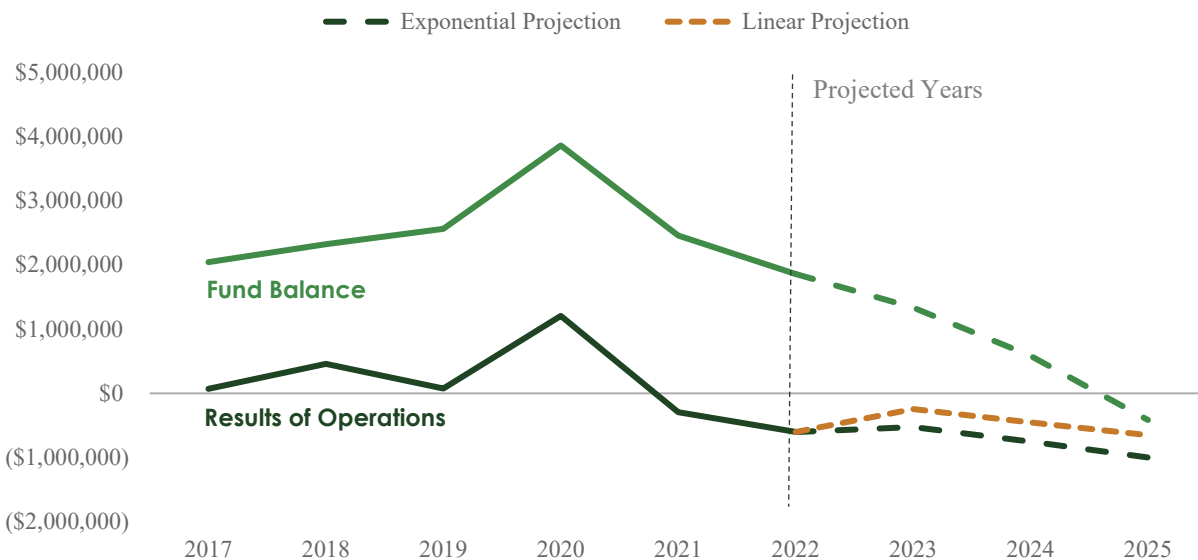
General Fund Results of Operations



Source: City of Marietta

Barring CY 2018 and CY 2020, our analysis shows that between CY 2017 and CY 2022, the City experienced either marginal operating surpluses or deficit spent in the General Fund in each year. However, it is important to note that due to the global COVID-19 pandemic, the City was able to offset some of its typical General Fund costs using newly available funding sources, such as fiscal recovery funds made available through the American Rescue Plan Act in CY 2020. This resulted in an otherwise atypically strong performance for the General Fund in that year and should be seen as a special circumstance. In CY 2021, expenditures exceeded revenue by nearly \$433,000, and in CY 2022, General Fund operating expenditures again exceeded revenue by over \$777,000. The following chart shows how the negative operating results culminate in cash depletion, and ultimately a negative fund balance, by as early as 2025. Below are the General Fund’s results of operations from CY 2017 through CY 2025, illustrating the projected negative results of operations of the General Fund.

General Fund Results of Operations



Source: City of Marietta

It is important to note, however, that based on known historical anomalies and anticipated events in the coming years, the projections are potentially more optimistic than what the actual outcomes may turn out to be. For example, our projections include some atypical windfall revenue that may artificially drive the revenue line higher than what is truly expected in the out years. According to City officials, Marietta’s Workers Compensation refund was over \$800,000 in 2020 compared to approximately \$100,000 in the three preceding years. Similarly, our projections do not account for some potential known expenditure increases. According to City officials, the City’s operational utility costs could significantly increase in the next couple of years as current rates expire. Increases in natural gas and electric expenses could range from approximately \$6,000 to \$132,000 per year, based on current market prices.

The importance of financial forecasting and good financial communication practices cannot be overstated. Multiple sources support the notion that forecasting is inherently a best practice, ranging from industry leading institutions such as the GFOA to state government bodies here in Ohio like the Ohio Department of Taxation. In *Financial Forecasting in the Budget Preparation Process* (GFOA, February 2014), the GFOA recommends that governments at all levels forecast major revenues and expenditures. The forecast should extend several years into the future. The forecast, along with its underlying assumptions and methodology, should be clearly stated and made available to stakeholders in the budget process. It should also be concisely presented in the final budget document and should be regularly monitored and periodically updated.

The Ohio General Assembly has also demonstrated its views on the importance of financial forecasting through the passage of specific statutory requirements. For example, cities in Ohio that fall into a fiscal emergency designation are required to prepare a forecast as a pre-requisite

for exiting that designation. Furthermore, schools in Ohio are required to submit five-year forecasts that include detailed assumptions, to the Ohio Department of Education twice per year, pursuant to OAC Rule 3301-92-04. Each district presents three years of actuals and a forecast for five future years containing:

- revenue;
- expenditures;
- results of operations (revenue less expenditures);
- beginning cash balance;
- ending cash balance;
- planned levies; and,
- ending fund balance.

The categories are generally shown in total and broken into constituent parts like salaries and wages or benefits.

These five-year forecasts are valuable for community members and decision-makers alike. For residents of school districts, five-year forecasts serve as a primary source of information in an easy-to-understand format. Forecasts also allow school district officials to make data-driven, proactive decisions. While no such requirement exists for local governments, this is considered a best practice and could benefit the City and its residents in the same manner.

The LGS regularly conducts forecasts for local governments. Interviews with those officials reinforced the importance of forecasting in cities, including the use of assumptions that reflect known future events, where possible. Additionally, we reached out to the Ohio Department of Taxation to obtain their feedback regarding financial forecasting practices. Their officials stressed the importance of forecasting for tax revenue and capturing future knowns as well, where possible.

Reserve Levels

Inherently, operating at a deficit eventually wears down an entity's reserve levels, which increases an entity's exposure to risks associated with satisfying its financial obligations. As discussed in the preceding analysis, the City's reliance on cash reserves may no longer be sustainable.

Marietta does not have a formal cash reserves policy.¹⁰ GFOA recommends that governments should have at least 2 months of operating expenses in cash reserves. This means an organization should maintain a balance that is equal to approximately 17 percent of annual operating expenditures. In CY 2017, the City's General Fund cash reserves of \$2,044,538 exceeded the calculated GFOA benchmark of \$1.8 million and remained in good standing with GFOA's criteria until CY 2022. After CY 2022 operations, the City was left with \$1,680,450, while the

¹⁰ During the course of the audit, City finance officials stated their intent to present cash reserves policy options to Council.

calculated GFOA recommended reserve minimum was \$2.1 million. From this point forward, based on the financial projections analysis, the City will fail to meet the GFOA criteria through CY 2025, when the City will have completely depleted all cash reserves.

Moody's also provides a guideline for government entities that is slightly more aggressive relative to the GFOA benchmark. It recommends that entities maintain 35 percent of operating revenue in cash reserves in order to achieve an optimal credit rating. Compared to the Moody's benchmark, Marietta did not meet the criteria in any of the historical years reviewed and is not projected to meet the criteria through the duration of the projection.

Financial Communication

Similar to financial forecasting, internal and external reporting practices are an important part of sound financial communication and transparency. In Marietta, financial officials share standard financial reports with the City Council and City Administration at regular monthly intervals. These reports include statements of cash and budget performance reports. We reviewed the peers' financial communication documents and processes and found Marietta's practices to be consistent. While these practices are generally in line with those of the peers, external financial communication could be improved through the adoption of Popular Annual Financial Reporting (PAFR).

PAFR's are financial documents that are specifically designed to be readily accessible and easily understandable to the general public and other interested parties that lack a background in public finance. In general, PAFR's are not limited in their use to government officials and decision-makers alone. Rather, PAFR's are focused on informing the general public. A well-known Certified Public Accounting firm in the State of Ohio highlights the following attributes of quality PAFR's:

- no technical language;
- charts and graphs are useful;
- helpful narrative;
- include past trends;
- consistent data;
- appropriate format and distribution of report;
- creative; and,
- usefulness.

Conclusion

Marietta should commit to developing multi-year financial forecasts in order to track, monitor, manage, and potentially improve its financial results. While the City's current financial reporting practices are consistent with the peers Marietta should continue to work toward increasing financial reporting and communication efforts through the use of PAFR's. Doing so will improve fiscal transparency and assist those charged with governance in recognizing problematic trends, allowing it to proactively strategize and set policy in advance of potential shortfalls.

Recommendation 2: Develop a Formal Strategic Plan and Update the Current Capital Plan

While a comprehensive plan was developed by volunteers for Marietta in the early 2000's, officially the City does not have a formal strategic plan in place. However, the City does have a 10-year capital improvement plan that includes project descriptions, priority categorizations, projected costs, timelines, and funding types. The City should develop a formal, written strategic plan and periodically update the current capital plan at regular intervals.

Impact

Municipal governments should have formal plans that identify future needs and that guide every operational area of the City. It is important that a City maintains a long-term strategic plan that is tied to a formal capital plan. This allows the City to ensure that the needs of all operational areas can be adequately funded and met in an efficient and effective manner.

Methodology

We interviewed City officials regarding their strategic and capital planning practices and compared them to industry best practices.

Analysis

The GFOA provides guidance to governmental entities in the development and maintenance of effective long-term planning. *Establishment of Strategic Plans* (GFOA, 2005) defines strategic planning as "a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission, and achieve consensus on strategies and objectives for achieving that mission."

Key steps in the strategic planning process include:

- Initiating the strategic planning process;
- Preparing a mission statement;
- Assessing and identifying environmental factors and critical issues;
- Agreeing upon and developing strategies for a small number of broad goals;
- Creating an action plan, including measurable objectives and performance measures;
- Obtaining approval of the plan; and,
- Implementing, monitoring, and reassessing the plan.

According to *Multi-Year Capital Planning*: (GFOA, 2022) state and local governments should prepare and adopt comprehensive, fiscally sustainable, and multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan should:

- Identify and prioritize expected needs based on the entity's strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources;
- Project future operating maintenance costs; and,
- Cover a period of five to 25 years or more.

Conclusion

By not having formal, written strategic and capital plans linked to the budget, the City may not be able to effectively address all financial, programmatic, and operational needs of the City. Therefore, it should concurrently develop such plans in order to improve program and funding decisions. Without a goal and resource-oriented strategic plan based on input from key financial and operational participants, the City is at risk of not fully evaluating the relationship between its spending decisions and program outcomes.

Recommendation 3: Develop a Contract Evaluation and Management Process

In instances where a service is traditionally provided internally by the City, the City does not have a process for determining whether contracting out the service would be advantageous in terms of quality and cost. Additionally, with the exception of monitoring when contracts are due for renewal, the City does not have a formal contract management process in place. Marietta should establish a process for determining when to enter into contracts and how they should be structured and monitored.

Impact

It is commonplace among Ohio's local governments to seek out alternative means for the provision of goods and services beyond the traditional internal model. Contracting for goods and services can provide local governments with higher levels of quality at a lower price than could otherwise be achieved or, even if it is more costly than self-provision, provide for services that may not be needed for a duration such that hiring staff makes sense. However, it is imperative for municipalities to have a detailed understanding of the level of services needed, the cost implications of contracting for services relative to internal costs, and a mechanism to objectively measure the results and performance of service providers. Without formal processes for evaluating service level needs and contract performance, the City is unable to ensure that it is getting what it needs and what it is paying for. Invariably, this could lead to unnecessarily high expenses and inadequate service delivery, potentially resulting in low satisfaction among City residents.

Background

The City contracts for a wide array of operational goods and services. Examples of contracts for goods and services include those for fuel and gasoline, pool management services for the aquatic center, residential waste management services, and mowing and tree-trimming services. The

Internal Controls

Internal controls refer to the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of an entity. According to Standards for Internal Control in the Federal Government (U.S Government Accountability Office, September 2014), management should design control activities to achieve objectives and respond to risks. Common examples of control activities include:

- Top-level reviews of actual performance;
- Reviews by management at the functional or activity level;
- Management of human capital;
- Controls over information processing;
- Physical control over vulnerable assets;
- Establishment and review of performance measures and indicators;
- Segregation of duties;
- Proper execution of transactions;
- Accurate and timely recording of transactions;
- Access restrictions to and accountability for resources and records; and
- Appropriate documentation of transactions and internal control.

During the course of the audit, it was determined that the city has not established basic processes for monitoring and managing contracts. As such, this constitutes an internal controls deficiency related to the provision of services across several operational functions, to include city property maintenance and aquatic center services.

contracts range widely in terms of cost; the largest of the operational contracts are a two-year pool management contract with a total cost of approximately \$550,000 (approximately \$277,500 annually), a five-year residential waste management contract with a total cost of approximately \$280,000 (approximately \$56,000 annually), and a two-year mowing contract of approximately \$85,600 annually.^{11,12} Combined, the cost of these contracts comprised over 29 percent of the City’s total contracted services expenditures of \$1,430,583 across all funds in CY 2022.

According to the City, an emphasis was placed on improving maintenance of the City’s properties in the early years of the current administration. In an effort to tackle the issue of perceived historical neglect of maintenance, the City increased the number of contracts for operational services. Doing so has also freed up City staff to perform other priority work.

Methodology

First, we interviewed Marietta officials regarding its processes for determining the need and efficiency for goods and services contracts as well as subsequent contract management efforts. The processes were then compared to industry best practices from the GFOA.

Analysis

A formal contract management process seeks to ensure that vendors are providing the agreed upon services as expected, and that City residents get what they need. It also provides a mechanism to assess the cost-effectiveness of contracting for goods and services.

The GFOA recommends, in *Evaluating Service Delivery Alternatives* (GFOA, 2018), that, “governments should carefully analyze all aspects of a service delivery option, including levels of service, service quality and expected performance, service revenues and costs, required transition activities and other relevant factors before changing service delivery methods.” The GFOA states that governments should define the criteria by which service delivery method decisions are made, and in instances where transitions to alternative service delivery models are made, to evaluate whether performance expectations were met.

When contracts and service level agreements are entered into, the GFOA further recommends that they be monitored regularly. Effective monitoring includes defining and adhering to the frequency of assessment intervals, determining how contract compliance and success will be measured, and how to communicate the results of the assessments.

¹¹ The 2023-2024 mowing contract was set at \$114,200 per year. In 2023 that actual contract expense was \$101,195.

¹² During the course of the audit, the City provided documentation that demonstrated its compliance with competitive bidding requirements as set forth under ORC §9.17, which mandates that contracts exceeding \$75,000 must be open for competitive bids.

Conclusion

The City should develop a formal process to evaluate the implications of contracting for a given operational service prior to entering a contract. Specifically, the City should fully evaluate the need for a given contracted service and, where applicable, the implications of transitioning from an internal provision model to a contracted model. Additionally, the City should develop a formal, on-going contract monitoring and management system to ensure that costs and service level expectations are met. Doing so will help ensure that the City is providing services to its residents in the most effective and advantageous manner.

Issue for Further Study: Evaluate Opportunities to More Efficiently Provide Health Services to Residents

Marietta entered into a contract with the City of Belpre (Belpre) in June of 2018 to form a joint health district (the District) inside of Marietta city limits, despite Marietta being the county seat where the Washington County Health Department (the County Department) is located and operated.

The District is governed by a seven-member Board and a Commissioner that serves as the chief administrative officer.¹³ The Board is comprised of:

- Two members from the current Marietta board of health;
- Two members from the current Belpre board of health;
- One member appointed jointly by the mayors of Marietta and Belpre, respectively;
- The mayor of Marietta (non-voting); and,
- The mayor of Belpre (non-voting).

In the original agreement, the District employed all of the former Marietta City Health Department staff.¹⁴

In terms of funding structure, the District is supported by charges for services and assessments that the District provides, as well as contributions from both Belpre and Marietta.¹⁵ Belpre's annual share is approximately \$75,000 while Marietta's annual share is approximately \$200,000. However, it is important to note that Marietta also provides administrative support to the District, such as payroll and finance services, but does not receive any additional funds for those services. Additionally, the District is physically housed on Marietta property. Marietta city officials estimate that the District utilizes roughly half of the floor space in the designated building but does not receive any corresponding compensation. In other words, the City of Marietta may not receive full cost coverage from Belpre in the form of chargebacks for all of the services provided by Marietta beyond the provision of staff.

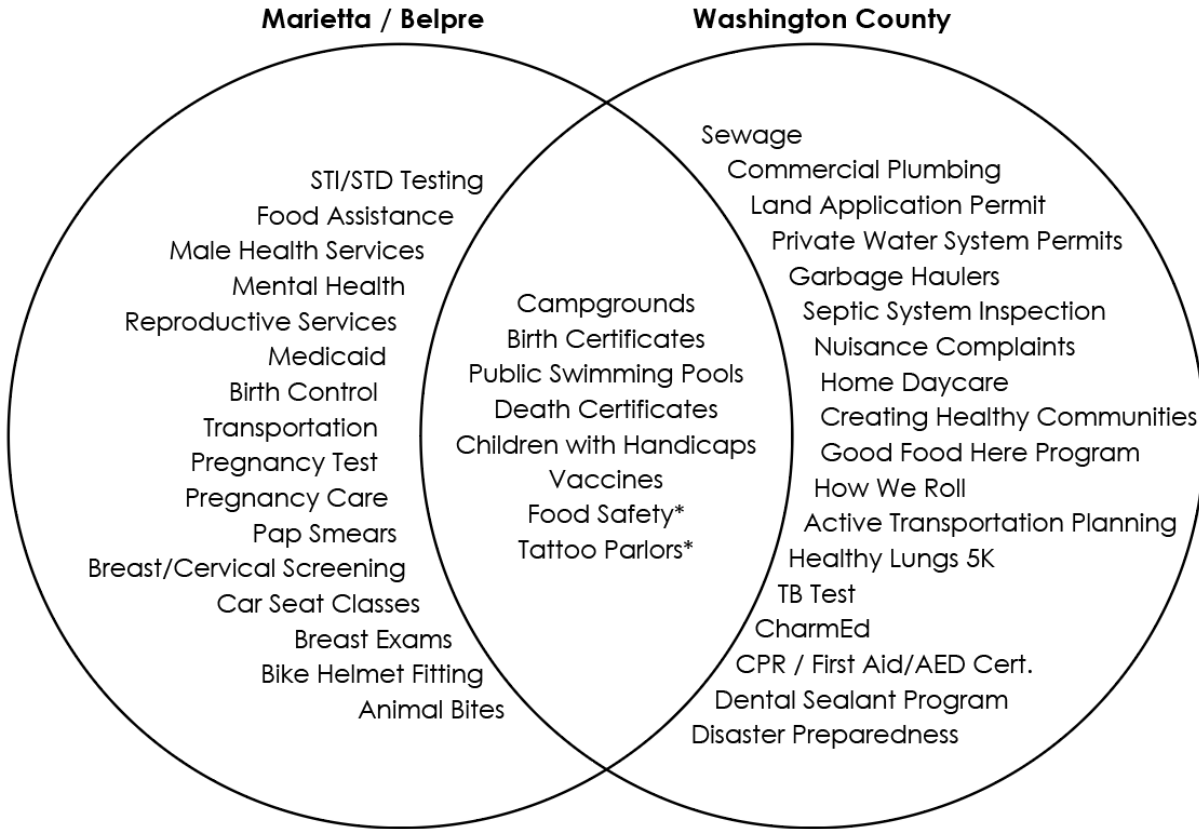
Beyond the nuances of the funding dynamic, the District may represent a costly redundancy to the residents of Marietta in light of its co-existence with the County Department. As shown in the chart below, there is a notable level of service redundancy between the District and the County Department. In some instances, the County Department is providing a similar service as the District but does not provide that service within the City of Marietta as a result of the City sponsoring its own health entity.

¹³ The Commissioner may cast a vote in the event of a tie.

¹⁴ The City of Belpre did not have any health services staff of their own.

¹⁵ In CY 2022, the District's total revenue budget was \$710,640 excluding COVID funds, and \$1,322,626 including COVID funds.

Health Services Comparison



Source: Marietta/Belpre Health District and Washington County Public Health Department

* While both the County and City of Marietta both offer this, the County does not provide services within the City.

Value considerations aside, to put into context the reasonableness of Marietta sponsoring a stand-alone health district, we compared the current dynamic in terms of:

- The prevalence of city-sponsored health districts across the State;
- The distances between health districts across the State; and,
- The population sizes of those cities that sponsor stand-alone health districts across the State.¹⁶

¹⁶ See **Appendix D** for a comprehensive list of city-sponsored health departments across the State.

In terms of prevalence, we found that city-sponsored health districts are relatively rare across the State, as only 27 municipalities have their own health district. We also found that on average, the distance between any given health district and its next closest district is almost 13 and a half miles, while the distance between the District and the County Department is less than two miles. This places the distance between the two entities in the 10th percentile of distances, meaning that the vast majority of health districts have further distances between them.

Closest Health District	
District	Peer Avg
1.78	13.48
miles	miles

Similarly, we found that Marietta is again an outlier with respect to population. Almost 70 percent of cities in Ohio that have a health department have larger populations than Marietta. Furthermore, Marietta’s population is more than 7,000 residents below the median population for cities with health departments, and 68,000 residents below the average population of those cities. Given the joint nature of the District, even when considering Marietta and Belpre’s combined population, a small majority of cities with health departments, 52 percent, have larger populations¹⁷.

Ultimately, Marietta does not appear to profile in a manner that would be expected for a city that sponsors its own health department. Therefore, it appears there may be an opportunity to at least explore ways to mitigate unnecessary redundancies.

The existence of two health departments within close proximity may result in an unnecessary redundancy in services, and ultimately could be resulting in an inefficiency for the City for the provision of health services in comparison to a regional-level consolidated model.

Marietta should further study any opportunities to more efficiently provide health services to its residents. While the suite of service offerings varies between the District and the County Department, there are a number of redundant offerings. Consolidation with the County Department is one potential option that could lead to reduced costs while maintaining service levels. The City should ensure that any future model would result in lower annual costs in comparison to its current contract with the District.

¹⁷ Population is based on 2022 U.S. Census estimates.

Operations and Human Resources

Marietta provides a range of services to residents from leaf and yard waste pick up to prompt responses for fire and police safety calls. To operate these services, a large number of employees are needed. There are 171 individuals who worked for Marietta during this audit. These individuals equaled 170.2 Full Time Equivalents (FTEs).¹⁸ Because of the breadth of services offered and the large number of City employees, it was important to conduct a broad overview of both the City’s operations and human resources.

What We Looked At

There are five areas within Operations and HR that we analyzed for opportunities of improved efficiency and appropriate use of resources: staffing, fleet management, salaries, CBAs, and insurance offerings. We compared staffing, salaries, CBAs, and insurance offerings to peers and ORC, and we compared the City’s fleet management practices to industry best practices.

What We Found

We found that, based on workload ratios, staffing levels in Marietta are higher in several key areas in comparison to the local and statewide peer averages. We also found that while the City’s insurance offering is less expensive than what is expected regionally and across the state, opportunities for improved efficiency exist regarding compensation and collective bargaining provisions relative to the local peers. Additionally, we found that the City’s fleet management program could be improved through the collection of critical maintenance and repair cost data.

¹⁸ Staffing totals are as of May 2023. See **Appendix A** for a breakdown of employee totals by department.

Recommendation 4: Consider Adjusting Staffing Levels to Align with Peers

Marietta employees provide a broad range of services to City residents. In the finance and tax department, property maintenance department, water department, and wastewater department, the City’s staffing levels are in line with the peers. However, in certain aspects of its operations the City is staffed higher than the peers. While staffing levels are ultimately value decisions in which service level expectations must be weighed in consideration of cost, Marietta should consider adjusting their staffing levels for the public works department, utility billing department, and police and fire departments to align with peers.

Impact

Municipal governments are service-oriented entities, which require people to provide services and carry out their mission. As such, personnel cost is generally the most expensive component of a service-oriented entity, and therefore, retaining staffing levels higher than what is necessary to adequately provide services can result in significant expenses beyond what would otherwise be needed. This can not only limit the number of finite resources that could be directed elsewhere, but higher staffing costs contribute to the diminished financial outlook. Staffing reductions that result in closer alignment with the peers could save between \$836,582 and \$2,458,424 annually.

Staffing Considerations

The body of results contained in this recommendation are intended to serve as an additional tool for the City to leverage in its decision-making process related to staffing levels. The results are based strictly on staffing and workload data provided by Marietta and the local and statewide peers. While the conclusions reached are informative, we recognize that staffing levels are ultimately value decisions in which service level expectations must be weighed in consideration of cost. Marietta, as well as the peer cities included in the comparisons, possess the autonomy and discretion to establish staffing levels that they deem to be in their respective city’s best interest, and which are affordable within available resources.

Background

Marietta is governed by an elected eight-member council and four officials elected to the offices of mayor, auditor, treasurer, and law director. In total, the City employs 171 employees (168 full time and 3 part time) which equates to 170.2 FTEs, which includes 13.75 FTE support staff within the elected offices.¹⁹

Methodology

We first determined Marietta’s total city-wide staffing levels in terms of both headcount and FTEs (see **Appendix E**). Staffing levels for each of the City’s functional areas were then

¹⁹ The City also has an elected municipal court judge and approximately 24 court employees. The municipal court generally falls outside of the purview of the Administration and was therefore not included in the scope of the audit.

normalized in accordance with relevant and applicable workload metrics, as well as on a per 1,000 resident basis, and compared to the local and statewide peer sets. Potential staffing reductions for consideration were then identified in those areas where a pattern of higher staffing relative to both peer sets emerged across multiple workload metric ratios. For each position identified, we established a range of possible FTE reductions based on the lowest, or most conservative, ratio that exceeded both peer averages up to the highest, or most aggressive, ratio that exceeded both peer averages.

In addition to these staffing efficiency assessments, we also looked at the City's use of overtime in terms of FTE values, as well as in comparison to industry best practices. While these analyses did not result in a recommendation, they are informative nonetheless and can be found in **Appendix E**.

Analysis

We found the following four departments to have an opportunity to adjust their staffing levels to align with local peers. Additional analysis and outcomes can be found in **Appendix E**.

Public Works Department

The City has 23.0 FTE Public Works Department staff, which includes a superintendent, mechanic, and office manager. The remaining 20 FTEs are dedicated to the following functional responsibilities:

- Street Repair/Maintenance: 9.67 FTEs
- Facilities Maintenance: 3.50 FTEs
- Grounds Maintenance: 4.75 FTEs
- Cemetery Maintenance/Burials: 2.08 FTEs

For this area of staffing, workload metrics include:

- Roadway Miles Maintained per FTE;
- Road Repair Material Applied per FTE;
- Square Footage Maintained per FTE;
- Acres Maintained per FTE; and
- Burials per FTE.

Public Works Department Comparisons

Total Departmental Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Population	13,178.00	13,659.20	(481.20)	13,385.20	(207.20)
FTEs	20.00	20.11	(0.11)	27.8	(7.8)
FTEs per 1,000 Residents	1.52	1.47	0.05	2.08	(0.56)
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		0.60		(7.37)	

Roadway Maintenance Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Total Roadway Miles	175.00	114.44	60.56	184.00	(9.00)
Road Repair Material (Tons)	7,028.00	2,902.59	4,125.29	2,919.55	4,108.33
FTEs	9.67	9.50	0.17	7.30	2.20
Miles Maintained per FTE	18.10	11.30	6.80	25.21	(7.10)
Benchmarked Staffing Need ¹		15.48		6.94	
FTEs Above/Below ²		(5.82)		2.72	
Material Applied (Tons) per FTE	727.03	316.65	410.38	353.88	373.14
Benchmarked Staffing Need ¹		22.19		19.86	
FTEs Above/Below ²		(12.53)		(10.19)	

Facilities Maintenance Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Facilities Maintained (Sq.Ft.)	151,015.00	201,972.00	(50,957.00)	179,945.50	(28,930.50)
FTEs	3.50	1.13	2.40	1.69	1.80
Square Footage per FTE	43,148	173,119	(129,970)	106,241	(63,093)
Benchmarked Staffing Need ¹		0.87		1.42	
FTEs Above/Below ²		2.63		2.08	

Grounds Maintenance Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Acres of Property Maintained	718.00	1,199.90	(481.64)	1,340.50	(622.24)
FTEs	4.75	1.10	3.65	6.68	(1.90)
Acres Maintained per FTE	151.22	872.65	(721.44)	200.64	(49.42)
Benchmarked Staffing Need ¹		0.82		3.58	
FTEs Above/Below ²		3.93		1.17	

Efficient • Effective • Transparent

Cemetery Maintenance Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Burials Completed	32.00	111.50	(79.50)	31.50	0.50
FTEs	2.08	3.75	(1.67)	2.75	(0.67)
Burials per FTE	15.36	27.88	(12.51)	11.45	3.91
Benchmarked Staffing Need ¹		1.15		2.79	
FTEs Above/Below ²		0.94		(0.71)	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Note: The City of Portsmouth is excluded from all local peer metrics. The City of Ironton is excluded from the Burials per FTE metric. The City of Cambridge is excluded from the Road Repair Material Applied (Ton) per FTE and Square Footage per FTE metrics.

Note: The City of Sharonville was excluded from the Square Footage per FTE, Acre Maintained per FTE, and Burials per FTE metrics. The City of Englewood was excluded from the Volume of Road Repair Material Applied to Roadways (Tons) metric. The Cities of Greenville and West Carrollton were excluded from the Burials per FTE metric.

Based on workload, the City exceeds the peer average from a minimum of 0.5 FTE to a maximum of 3.5 FTEs when comparing to the local and statewide peers and rounding down to the nearest half FTE. Eliminating a minimum of 0.5 FTE and a maximum of 3.5 FTEs could save the City between \$31,115 and \$247,484 annually.

Utility Billing Department

Marietta has 7.0 FTE Utility Billing Department staff which includes clerks, a meter reader, a meter setter, and a utilities administrator.²⁰ The Utility Billing Department is responsible for processing utility billings and payments, inputting meter readings, and assisting utility customers.

For this area of staffing, workload metrics include:

- Accounts per FTE;
- Processed Bills per FTE;
- Delinquent Accounts per FTE; and
- Dollar Value of Delinquent Accounts per FTE.

²⁰ While Marietta classifies meter readers and meter setters in the utility billing function, any number of the peers used in the analysis may not. Factoring out those positions from the analysis would reduce the degree to which Marietta’s utility billing staffing is higher than the peers. As such, differences in departmental organization should be factored into any future consideration of staffing levels resulting from this analysis.

Utility Billing Department Comparisons

	Total Departmental Comparison				
	Marietta	Local Peer Average	Difference	State Peer Average	Difference
Population	13,178.00	13,659.20	(481.20)	13,256.75	(78.75)
FTEs	7.00	3.55	3.45	2.00	5.00
FTEs per 1,000 Residents	0.53	0.26	0.27	0.15	0.38
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		3.58		5.01	
Number of Accounts	22,420.00	11,030.20	11,389.80	4,160.25	18,259.75
Accounts per FTE	3,202.86	3,110.60	92.25	2,080.13	1,122.73
Benchmarked Staffing Need ¹		7.21		10.78	
FTEs Above/Below ²		(0.21)		(3.78)	
Number of Bills Processed	39,281.00	125,845.80	(86,564.80)	49,132.50	(9,851.50)
Processed Bills per FTE	5,611.57	35,489.51	(29,877.94)	24,566.25	(18,954.68)
Benchmarked Staffing Need ¹		1.11		1.60	
FTEs Above/Below ²		5.89		5.40	
Number of Delinquent Accounts	909.00	311.20	597.80	291.75	617.25
Delinquent Accounts per FTE	129.86	87.76	42.10	145.88	(16.02)
Benchmarked Staffing Need ¹		10.36		6.23	
FTEs Above/Below ²		(3.36)		0.77	
Value of Delinquent Accounts	\$96,907.00	\$109,575.11	(\$12,667.77)	\$35,014.42	\$61,892.92
Value of Delinquent Accounts per FTE	13,843.91	30,901.05	(17,057.14)	17,507.21	(3,663.30)
Benchmarked Staffing Need ¹		3.14		5.54	
FTEs Above/Below ²		3.86		1.46	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Note: The City of Sharonville was excluded from all state average metrics.

Based on workload, the City exceeds the peer average from a minimum of 0.5 FTE to a maximum of 5.5 FTEs when comparing to the local and statewide peers and rounding down to the nearest half FTE. Eliminating a minimum of 0.5 FTE and a maximum of 5.5 FTEs could save the City between \$33,495 and \$381,359 annually.²¹

Police Department

The City has 35.0 police FTEs and 4.0 dispatch FTEs.²² It is important to note that there is a minimum manning requirement in the police union CBA that dictates that shifts must be staffed with 1 supervisor, 3 patrol officers, and 1 dispatcher at all times.²³ The City is always running at no less than the minimum requirement.

²¹ Consideration for staffing reductions for utility billing personnel is strictly based on peer comparisons and does not take into account the need for segregation of duties. Because utilities deal in cash transactions, there is an increased fraud risk, and that fraud risk could increase if a sufficient staffing level is not maintained to appropriately segregate the billing, collection, and record keeping functions.

²² Dispatchers provide dispatch services to the Police Department and the Fire Department.

²³ Marietta's CBA allows for an exception for the hours of 3:00 a.m. – 7:00 a.m. in which minimum staffing can be reduced by one patrol officer for a total of two.

Police & Dispatch Department Comparisons

	Police Comparison			State Peer	
	Marietta	Local Peer Average	Difference	Average	Difference
Population	13,178.00	13,650.20	(481.20)	13,072.00	587.20
Police Calls for Service	13,408.00	12,299.40	1,108.60	13,131.80	276.20
Police FTEs	35.00	25.34	9.66	28.50	6.50
FTEs per 1,000 Residents	2.66	1.86	0.80	2.18	0.48
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		10.55		6.27	
Calls for Service per FTE	383.09	485.41	(102.33)	460.76	(77.68)
Benchmarked Staffing Need ¹		27.62		29.10	
FTEs Above/Below ²		7.38		5.90	

	Dispatch Comparison			State Peer	
	Marietta	Local Peer Average	Difference	Average	Difference
Population	13,178.00	13,650.20	(481.20)	13,072.00	587.20
Total Calls for Service	17,275.00	15,021.00	2,254.00	20,448.75	(3,173.75)
Dispatch FTEs	4.00	4.75	(0.75)	6.13	(2.13)
FTEs per 1,000 Residents	0.30	0.35	(0.04)	0.47	(0.17)
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		(0.58)		(2.17)	
Calls for Service per FTE	4,318.75	3,162.32	1,156.43	3,338.57	980.18
Benchmarked Staffing Need ¹		5.46		5.17	
FTEs Above/Below ²		(1.46)		(1.17)	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Note: The City of Ironton was excluded from the Total Dispatch FTEs, Dispatch FTEs per 1,000 residents, and Total Calls for Service per Dispatch FTE metrics.

Note: The City of Fremont was excluded from the Total Dispatch FTEs, Dispatch FTEs per 1,000 residents, and Total Calls for Service per Dispatch FTE metrics.

Based on population and a workload metric of police calls for service per police FTE, the City exceeds the peer average from a minimum of 5.5 FTEs to a maximum of 10.5 FTEs when comparing to the police and statewide peers and rounding down to the nearest half FTE. Eliminating a minimum of 5.5 FTEs and a maximum of 10.5 FTEs could save the City between \$436,725 and \$923,331 annually.

Fire Department

Marietta has 36 FTE Fire Department staff, which includes 1.0 FTE chief, 1.0 FTE assistant chief, 3.0 FTE captains, 3.0 FTE lieutenants, and 28 FTE firefighters. All Fire Department staff are at least EMT certified. The Fire Department’s current distribution is 14 EMTs, 18 advanced EMTs, and 4 paramedics.

For this area of staffing, workload metrics include:

- Calls for Service per FTE; and
- Coverage Area per FTE.

Fire & EMS Department Comparisons

	Total Departmental Comparison				
	Marietta	Local Peer Average	Difference	State Peer Average	Difference
Population	13,178.00	14,501.50	(1,323.50)	13,551.50	(373.50)
FTEs	36.00	29.00	7.00	29.83	6.18
FTEs per 1,000 Residents	2.73	2.00	0.73	2.20	0.53
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		9.65		7.00	
Total Calls for Service	3,867.00	2,725.75	1,141.25	3,956.50	(89.50)
Calls for Service per FTE	107.42	93.99	13.43	132.66	(25.24)
Benchmarked Staffing Need ¹		41.14		29.15	
FTEs Above/Below ²		(5.14)		6.85	
Coverage Area (Mile)	8.90	8.18	0.72	8.50	0.40
Coverage Area (Mile) per FTE	0.25	0.28	(0.03)	0.28	(0.04)
Benchmarked Staffing Need ¹		31.56		31.23	
FTEs Above/Below ²		4.44		4.77	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Note: The City of Ironton was excluded from all local average metrics.

Note: The City of Greenville was excluded from all state average metrics.

Based on population and workload, the City exceeds the peer average from a minimum of 4.0 FTEs to a maximum of 9.5 FTEs when comparing to the local and statewide peers and rounding down to the nearest half FTE. Eliminating a minimum of 4.0 FTEs and a maximum of 9.5 FTEs could save the City between \$335,247 and \$906,250 annually.

Conclusion

Marietta should evaluate staffing levels in the Public Works, Utility Billing, Police, and Fire Departments and consider reductions when appropriate. Eliminating a minimum of 10.5 FTEs and a maximum of 29 FTEs across these departments could save the City between \$836,582 and \$2,458,424 annually.²⁴

²⁴ 10.5 FTEs represents the sum total of the lowest, or most conservative, ratios that exceeded the peer averages across the spectrum of all positions and peer sets analyzed, while 29 FTEs represents the sum total of the highest, or most aggressive, ratios that exceeded the peer averages across all positions and peer sets analyzed.

Recommendation 5: Consider Renegotiating Salary Schedules to Align with Peers

Higher salaries are ultimately a function of CBA negotiations between City officials and the three collective bargaining units. Contributing factors to overall higher compensation may include longevity levels and step increase amounts that are comparatively higher than the respective peers. The City of Marietta should consider renegotiating salary schedules to align with peers.

Impact

As with staffing expenses, compensation constitutes a significant portion of a service-oriented entity's total operational cost. Aligning salaries and wages with local labor market expectations could heavily contribute to staving off projected future financial shortfalls.

Background

Marietta has three CBAs with the Teamsters Local Union No. 637 (the Teamsters), the Fraternal Order of Police (the FOP), and the International Association of Fire Fighters Local No. 442 (the IAFF). The Teamsters and FOP CBAs expire on December 31st, 2023, while the IAFF contract expired on October 30th, 2023.

Methodology

First, we obtained copies of the City's CBAs and local peer CBAs which are inclusive of salary and longevity schedules. Then we determined similar positions amongst the client and peer agreements; these positions included firefighter, patrolman, dispatcher, laborer I, truck driver, equipment operator I, and mechanic. Salary and longevity schedules over a 30-year career with the City were compared to the corresponding positions for the peer cities to then calculate a peer average. The annual hours worked for Marietta at each position included in the analysis were calculated and applied to the peer cities to ensure accurate comparisons.

Analysis

We found that the seven positions analyzed have a higher average longevity payment per hour than the peer averages per position, as well as an average yearly step increase in dollars that is greater than the peer in each respective position. Career compensation is higher than the local peer average for six of the seven positions assessed. The table below illustrates the difference between Marietta and the peer average over a 30-year career for the six positions with higher compensation (see **Appendix F** for longevity pay and compensation visuals).

Position	Difference Over 30-year Career
Patrolman	\$131,000
Dispatcher	\$83,000
Firefighter	\$126,000
Laborer I	\$144,000
Truck Driver	\$68,000
Equipment Operator I	\$29,000

Source: City of Marietta and peers

Ultimately, higher salaries add to overall operating costs, which can contribute to long-term, negative financial impacts.

Conclusion

Marietta has numerous positions amongst their three contracts that exceed the local peer averages. As such, Marietta should consider renegotiating their salary schedules to align with the local peer averages. Doing so could reduce operating expenses, thereby contributing to overall fiscal health and long-term sustainability.

Recommendation 6: Consider Renegotiating Collective Bargaining Agreement Provisions to Align with Peers and ORC

Collective bargaining can have a significant impact on the overall cost of an entity's operation. Several provisions were identified in each of the City's CBA's that exceed ORC requirements and/or the local peer contracts. The City of Marietta should consider renegotiating its CBA provisions to align with ORC requirements and local peer cities in order to reduce future expenditures and decrease the risk for future liabilities.

Impact

Though often times not easily quantifiable, costly CBA provisions can have a lasting effect on a local government's bottom-line. Aligning provisions with what is required by law and with what is expected in the regional labor market can reduce current and future expenditures and decrease the risk for future liabilities. Based on aligning the vacation leave provisions across all three of the City's CBA's alone, Marietta could potentially reduce its 30-year vacation pay liability by approximately \$865,500.

Background

As mentioned in **Recommendation 6**, Marietta has three CBAs with three collective bargaining units: the Teamsters, the Fraternal Order of Police, and the International Association of Fire Fighters. During the course of the audit, the Teamsters and Fraternal Order of Police CBAs expired on December 31st, 2023, while the International Association of Fire Fighters expired on October 30th, 2023.²⁵

Methodology

First, we obtained both Marietta's and the local peers' CBAs to determine the key provisions. Then we compared the City's CBA provisions to the ORC and the averages of the local peers to determine if key provisions within the City's CBAs were costly relative to those benchmarks.

Analysis

We compared the provisions contained in the City's three collective bargaining agreements to the local peer averages and ORC requirements and found a total of 18 provisions to be

²⁵ During the course of the audit, the City ratified a new Teamsters contract with effective dates of January 1, 2024 through December 31, 2026. The FOP declined membership vote on a new contract in January of 2024; its status was yet to be determined at the time of the audit release. The IAFF contract was in fact finding status at the time of the audit release with a hearing scheduled for mid-February of 2024.

comparatively costly. Below we have identified the following provisions as appearing to be costly compared to peers or the ORC, and the respective collective bargaining unit.

Teamsters Local Union No. 637

There are five provisions within the Teamsters CBA that are considered costly compared to their peers or the ORC.

Vacation Days Over a 30-year Career: Marietta employees can accrue 640 days of vacation over a 30-year career, which is 30 more days than the peer average (excluding Portsmouth), and 115 days more than the ORC standard of 525 days for non-exempt state employees. Based on the value of the average vacation pay amount for the Laborer position, the number of Laborer positions currently filled in Marietta, and the number of vacation days granted above the peer average, vacation pay costs the City an extra \$25,400 over the course of 30 years, or just over \$5,000 per employee.

Minimum Hours for Call-in Pay: Marietta offers Teamsters employees an average of 3.75 hours of call-in pay, which is 1.5 more hours than the peer average.

Tuition Reimbursement: Marietta offers reimbursement of tuition and lab fees for full-time employees attending an accredited college, technical school, adult education, correspondence courses, or Ohio Environmental Protection Agency certifications. Only two local peers (New Philadelphia and Cambridge) offer similar provisions in their agreements.

Show-up Pay: Marietta offers employees three hours of pay at their regular rate when an employee reports for scheduled time, but who is then furloughed for the day as a result of lack of work. Only two peers (New Philadelphia and Ironton) offer similar provisions with similar minimum hours; New Philadelphia and Ironton offer three hours of regular pay and four hours of regular pay, respectively.

Minimum Severance Payout: Marietta offers employees a maximum of 480 hours of accrued sick leave to be included in their severance package, which is 240 more hours than the ORC standard for state employees.

Fraternal Order of Police

There are eight provisions within the Fraternal Order of Police CBA that are considered overly costly compared to their peers or ORC.

Vacation Days Over a 30-year Career: Marietta employees can accrue 640 days of vacation leave, which is 17 more days than the local peer average and 115 days more than the ORC standard of 525 days for non-exempt state employees. Based on the value of the average vacation pay amount for the Police Officer position, the number of Police Officer positions currently

filled in Marietta, and the number of vacation days granted above the peer average, vacation pay costs the City an extra \$115,700 over the course of 30 years, or just over \$6,000 per employee.

Maximum Compensatory Accumulation: Marietta employees can accumulate a maximum of 240 hours, which is 42 more hours of maximum compensatory accumulation hours than the peer average, or 112.5 more when excluding Ironton.

Tuition Reimbursement: Marietta offers reimbursement of tuition and lab fees for full-time employees attending an accredited college, technical school, adult education, or correspondence courses. Only two local peers (New Philadelphia and Dover) offer similar provisions in their agreements.

Canine Unit Pay: Marietta provides 8 hours of pay biweekly for duties related to the canine in the Canine Unit and an officer is allotted 12 hours per month for training of the canine. The City is also required to pay \$40 per month for dog food and purchase or reimburse all other costs pertaining to taking care of the canine. Only two other peers (New Philadelphia and Dover) had similar provisions.

Range Cost Exemption: Marietta pays for all police related expenses for firing range costs incurred by employees as part of qualifying requirements. Only one peer (Dover) had a similar provision.

Physical Fitness Incentive: Marietta employees who successfully pass the fitness test are granted 2.5 hours of compensatory time and \$300. No other local peers have a similar provision.

Minimum Manning Requirements: Marietta has a minimum manning requirement of one supervisor, three patrol officers, and one dispatcher.²⁶ Only two peers (New Philadelphia and Dover) have similar provisions.

Minimum Severance Payout: Marietta offers employees a maximum of 480 hours of accrued sick leave to be included in their severance package, which is 240 more hours than the ORC standard for state employees.

International Association of Fire Fighters, Local No. 442

There are five provisions within the International Association of Fire Fighters CBA that are considered costly compared to their peers or ORC.

Vacation Days Over a 30-year Career: Marietta employees can accrue 390 days of vacation leave, which is 49 more days than the local peer average of 341 days. Based on the value of the average vacation pay amount for the fire fighter position, the number of fire fighter positions

²⁶ Marietta's CBA allows for an exception for the hours of 3:00 a.m. – 7:00 a.m. in which minimum staffing can be reduced by one patrol officer for a total of two.

currently filled in Marietta, and the number of vacation days granted above the peer average, vacation pay costs the City an extra \$724,400 over the course of 30 years, or approximately \$25,800 per employee.

Tuition Reimbursement: Marietta offers reimbursement of tuition and lab fees for full-time employees attending an accredited college, technical school, adult education, or correspondence courses. Only two local peers (New Philadelphia and Cambridge) offer similar provisions in their agreements.

Physical Fitness Incentive: Marietta employees who successfully pass the fitness test are granted a \$300 incentive. Only two peers (Ironton and Cambridge) have a similar provision.

Minimum Severance Payout: Marietta offers employees a maximum of 480 hours of accrued sick leave to be included in their severance package, which is 240 more hours than the ORC standard for state employees.

Conclusion

The City should consider renegotiating its collective bargaining agreements to align various provisions with ORC requirements and local peers in order to reduce future expenditures and decrease the risk for future liabilities.

Recommendation 7: Improve Fleet Management Data Collection

While the City has developed formal vehicle preventative maintenance and replacement plans, maintenance and repair costs are not recorded and tracked, and are subsequently not factored into fleet management decisions. As a result, the City may not be able to effectively evaluate the timing of its fleet replacement needs, which could lead to premature vehicle purchases or unnecessary operating expenses from keeping vehicles in service longer than is financially optimal. Marietta should improve its fleet management data collection and apply it to its decision-making process.

Impact

A fleet management program is the set of plans, policies, procedures, and personnel that is responsible for managing vehicle procurement, maintenance and repairs, budgeting, and monitoring. High performing fleet management programs maximize efficiency by keeping low-cost vehicles on the road longer and replacing high-cost vehicles when the cost of ownership exceeds that of new assets. Proper replacement strategy reduces unnecessary costs sunk into ongoing maintenance and repairs. In order to identify the best replacement candidates, vehicle maintenance and repair costs must be readily available. Improving fleet cost data collection efforts will allow the City to make better informed vehicle replacement decisions and will provide the necessary foundation for transitioning to a lifecycle costing approach to fleet management.

Background

The City's fleet is a hybrid of 36 leased vehicles and 41 city-owned vehicles. The leased portion of the fleet consists of a mix of light duty and heavy-duty trucks and SUVs, while the city-owned portion of the fleet is comprised of a mix of light duty and heavy-duty trucks such as fire and EMS service vehicles, police cruisers, and SUVs, and is primarily maintained internally by the Public Works Department through the City's central garage. While most repairs are performed internally, some larger repairs are contracted out on an as-needed basis.

Methodology

First, we interviewed Marietta officials regarding its fleet management practices as it relates to both preventative maintenance and vehicle replacement. Then we compared these practices to the industry best practices set by the American Public Works Association (APWP)

Analysis

The City appears to have formal preventative maintenance and replacement plans for the city-owned portion of the fleet that include defined maintenance procedures and replacement targets at

established intervals, according to vehicle type. However, while maintenance and repair records are kept for each vehicle, the City does not capture and track maintenance and repair cost data.

According to the *Public Works Management Practices Manual* (APWA, 2014), effective management of fleet equipment and services includes not only maintaining equipment and parts inventories, performing equipment inspections, scheduling preventative and normal maintenance, recording maintenance history, and defining replacement cycles, but also analyzing equipment and personnel costs. In addition to predictive criteria such as age and mileage intervals for identifying candidates for replacement, *Planned Fleet Replacement* (APWA, 2021) also emphasizes the importance of considering additional factors such as reliability, vehicle condition, fuel efficiency, and maintenance and repair costs.

Based on a representative set of vehicle replacement criteria as provided by APWA, only a small portion of Marietta’s city-owned fleet exceeds both the age and mileage replacement thresholds. The following table shows how portions of the City’s fleet compare to traditional, predictive variable replacement benchmarks according to the APWA. As shown, only three vehicles exceed both the age and mileage thresholds for recommended replacement.

APWA Criteria Comparison

	Administrative Sedan	Emergency Sedan	Pickup Truck
Fleet Size	3	10	14
Exceeds APWA Age	3	10	5
Exceeds APWA Milage	0	3	0
Exceeds Both Criteria	0	3	0

Source: City of Marietta and APWA

However, these thresholds do not consider each individual vehicle’s total cost associated with keeping them in service, and so does not provide a complete picture for identifying the vehicles best suited for replacement.

Once the fleet data collection has improved, the City should utilize a lifecycle cost analysis to determine the optimal replacement timeline for their fleet. According to the NAFA Fleet Management Association in *Issues Facing Civilian and Postal Service Vehicle Fleet Procurement* (NAFA, May 2015), timely replacement of vehicles and other equipment is necessary for ensuring vehicle availability, safety, reliability, and efficiency.

Factors that impact the replacement cycle of fleet include the type of vehicles, the nature and intensity of their use, and their fuel and maintenance costs. A lifecycle cost analysis examines these factors by combining the capital cost curve, which shows decreasing cost over time as a result of aging and depreciation, and the operating cost curve, which represents increasing maintenance, repair, and fuel costs over an asset’s life cycle. From an economic perspective, the optimal point at which to replace an asset is when the combination of these two curves is at its

lowest. This lowest point represents the time when the combined cost of owning and operating the asset is at a minimum, just before it begins to increase. In addition to determining replacement times, a lifecycle cost analysis can be used to understand the difference of cost effectiveness between buying and leasing, alternative fuels, and custom or commercial vehicles.

Conclusion

Marietta should record and track vehicle maintenance and repair costs and incorporate the information into its fleet management program for decision-making. In conjunction with the predictive targets already established, considering costs on a per vehicle basis will help the City in identifying the vehicles in its fleet that are best suited for replacement. Doing so could reduce unnecessary ongoing expenses and prevent sub-optimal replacement decisions.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following pages is the City's official statement in regards to this performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.

City of Marietta

301 Putnam Street • Marietta, Ohio 45750
740-373-1387

January 30, 2024

Keith Faber, Auditor of State
88 East Broad Street, Fifth Floor
Columbus, Ohio 43215-3506

Dear Auditor of State Faber:

The City of Marietta would like to thank you, and your entire performance audit team, for the completion of a detailed Auditor of State Performance Audit. Your staff's review of our city operations has resulted in a document that offers useful insights that will improve local decision making for years to come. All your recommendations for gaining efficiencies regarding staffing, salaries, collective bargaining agreements, insurance offerings, and fleet management are well-taken.

We engaged your services in early 2023 because we recognized, starting in 2021 and 2022, that our internal two-to-three-year financial forecasts indicated a pattern of unsustainable spending. In recent years, the significance of the over-spending was ill-defined, in part because of a prior practice of including already encumbered funds not yet withdrawn from the general fund as part of the end-of-year carryforward amount. This end-of-year carryforward amount was unofficially utilized as a measure of the health of the city's finances.

In addition, unsustainable spending was masked due to the 2020/2021 bolstering of the city budget with \$1.7 million dollars of CARES Act funds. Those funds were intended to cover shortfalls anticipated to arise due to the 2020 shutdown. Instead, during that time, the city income tax revenue remained mostly stable, and the CARES Act funds mainly allowed for the continuation of status quo spending levels.

Your audit conclusions mirror our internal forecast that the city risks substantial deficits by 2025. Due to data that you have collected from our five local and five statewide sister cities, we have learned that the city's finances are at a point where the course may be corrected with smarter current resource management. Your Key Observation 1 states that "Marietta receives more revenue across all funds compared to the local and statewide peer averages, but also has higher corresponding spending relative to the peers." You state that "the General Fund's financial position is much more likely a function of spending and not a function of revenue constraints."

The council and administration began work in 2022 on a comprehensive plan, with the intent of developing a formal written strategic plan, one of your seven recommendations. Moving forward, the city will continue to work to implement your recommendations, including the necessary reduction in force, with the intent to improve solvency.

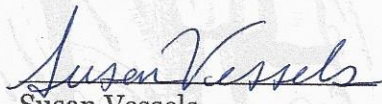
Improved solvency will benefit the city in many ways including helping us to align with the Government Finance Officers Association's best practices. According to the best practices, the city must keep in reserve at least two months of operating costs in order to maintain the city's current A rating with Moody's Investor Service.

The successful implementation of your recommendations in the coming months will ultimately serve to improve the city's ability to be a successful and productive community where people want to live for years to come.

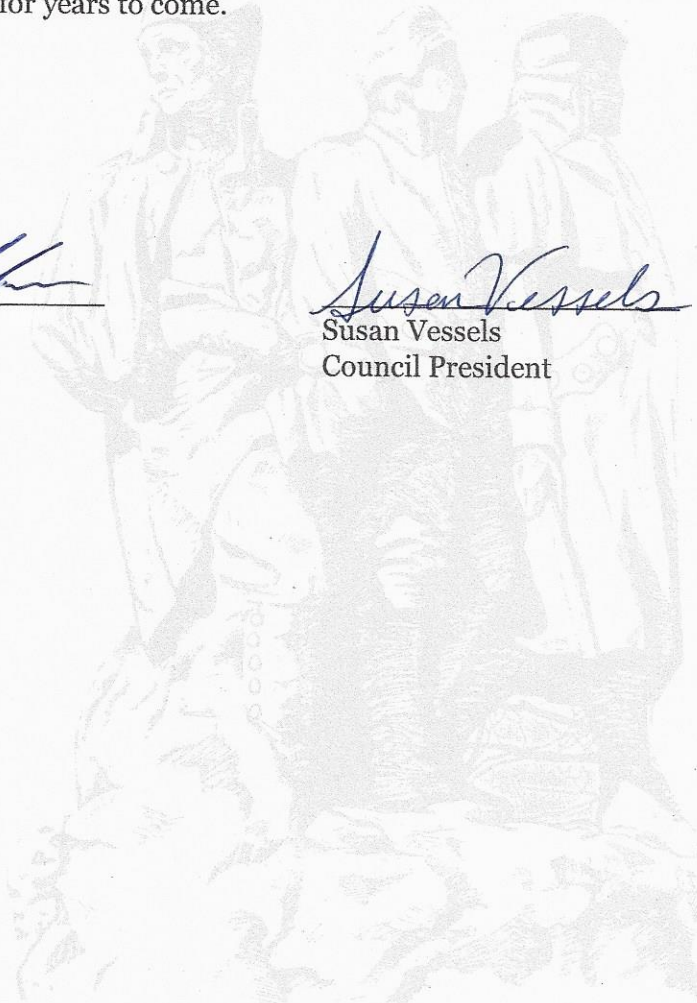
Sincerely,



Joshua Schlicher
Mayor



Susan Vessels
Council President



Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

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

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

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

Audit Scope and Objectives

In order to provide the City with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Financial Analysis	
How do the City’s sources of income, income tax rate, and charges for service compare to other cities?	No Recommendation: See <i>Finances</i> section of the report <i>Introduction</i> .
How do the City’s expenditures compare to other cities?	No Recommendation: See <i>Finances</i> section of the report <i>Introduction</i> .
Do the City’s expected revenues and expenditures indicate future financial sustainability?	R.1
Are the City’s strategic and capital planning practices consistent with leading practices?	R.2
How does the City’s contract management efforts compare to best practices, and are the contracts cost-effective?	R.3, Issue for Further Study
Operations and Human Resources	
Are the City’s staffing levels appropriate in comparison to peers, demand for services, and the City’s financial condition?	R.4
Are the City’s salaries and wages appropriate in comparison to local peers and the City’s financial condition?	R.5
Are the City’s collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the City’s financial condition?	R.6
Are the City’s insurance costs appropriate in comparison to other cities within the region and the City’s financial condition?	No Recommendation: The City’s insurance costs are below the SERB regional and statewide peer averages.

Are the City’s fleet management practices consistent with leading practices and industry standards?	R.7
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Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:²⁷

- Control environment
 - We considered the City’s control of its payroll and financial systems and assessed its contract management practices.
- Risk Assessment
 - We considered the City’s activities to assess fraud risks.
- Information and Communication
 - We considered the City’s use of quality information in relation to its financial, payroll and staffing data.
- Control Activities
 - We considered the City’s compliance with applicable laws and contracts.

We identified an instance of poorly designed controls relating to contract management in **Recommendation 3** which represents an opportunity for significant improvement.

²⁷ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of the City’s operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer Cities;
- Industry Standards;
- Leading Practices;
- Statutes; and,
- Policies and Procedures.

In consultation with the City, five sets of peer groups were selected for comparisons contained in this report. A “Local Peers” set was selected for comparisons of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. These entities were chosen to use for comparisons to Marietta based on a number of variables, including similarities in population, population density, square mileage or physical area, as well as economic factors such as median income. While the local peers were used for analyses relevant to the local labor market, they were also used for staffing and high-level financial comparisons. A “Statewide Peers” set was also selected using the same variables but are not restricted in their geographic proximities to Marietta. This peer set was also used for staffing and high-level financial comparisons. A “Police Staffing Peers” set was selected based on data obtained from the Ohio Peace Officers Training Academy to narrow for cities that are similar to Marietta not only in size, but that also have a comparable police staffing level. Finally, independent “Water Utility Staffing Peers” and “Wastewater Utility Staffing Peers” sets were warranted due to the nuances associated with utility operations. To select these peers, we controlled for similarities to Marietta in terms of unique operational dynamics such as plant classifications, plant designs, intake sources, and discharge points.

The table below shows the Ohio cities included in these peer groups.

Peer Group Cities

Local Peers

- City of Dover (Tuscarawas County)
- City of New Philadelphia (Tuscarawas County)
- City of Cambridge (Guernsey County)
- City of Ironton (Lawrence County)
- City of Portsmouth (Scioto County)

Statewide Peers

- City of Sharonville (Hamilton County)
- City of Bellefontaine (Logan County)
- City of Greenville (Darke County)
- City of Englewood (Montgomery County)
- City of West Carrollton (Montgomery County)

Police Staffing Peers

- City of Bellefontaine (Logan County)
- City of Fremont (Sandusky County)
- City of Lyndhurst (Cuyahoga County)
- City of New Albany (Franklin County)
- City of Vermilion (Erie County)

Water Utility Staffing Peers

- City of Ashland (Ashland County)
- City of the Village of Indian Hill (Hamilton County)
- City of New Philadelphia (Tuscarawas County)
- City of Oxford (Butler County)
- City of Springboro (Warren County)

Wastewater Utility Staffing Peers

- City of New Philadelphia (Tuscarawas County)
- City of Cambridge (Guernsey County)
- City of Kenton (Hardin County)
- City of Piqua (Miami County)

Where reasonable and appropriate, peer cities were used for comparison. However, industry standards or leading practices were used in some operational areas for primary comparison. City policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

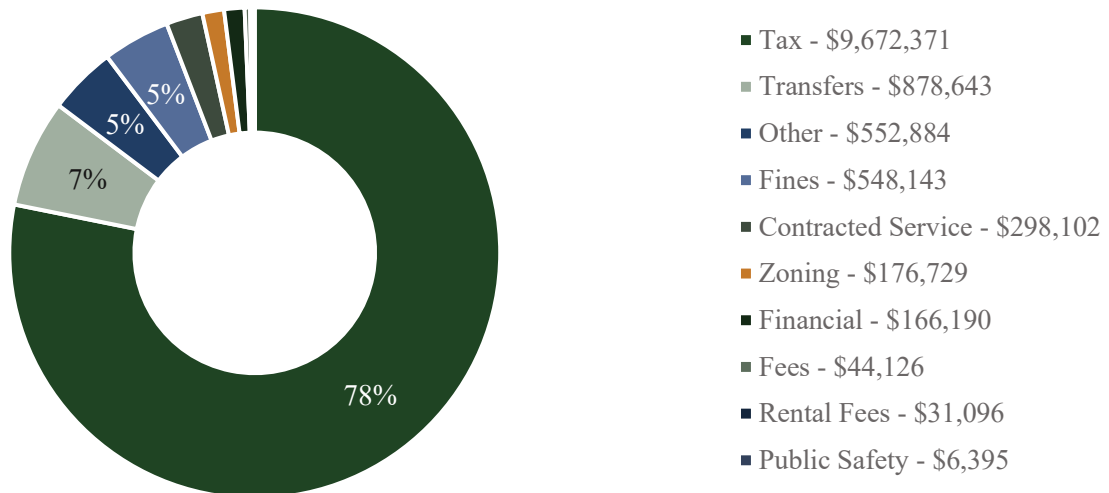
Appendix B: Financial Results

In addition to the information presented in the **Financial Analysis** section of the report, the following financial analyses were also conducted. The information presented below provides additional context for the City’s financial performance and further illustrates the pattern of higher revenue and higher corresponding spending relative to the peers.

Revenue Composition

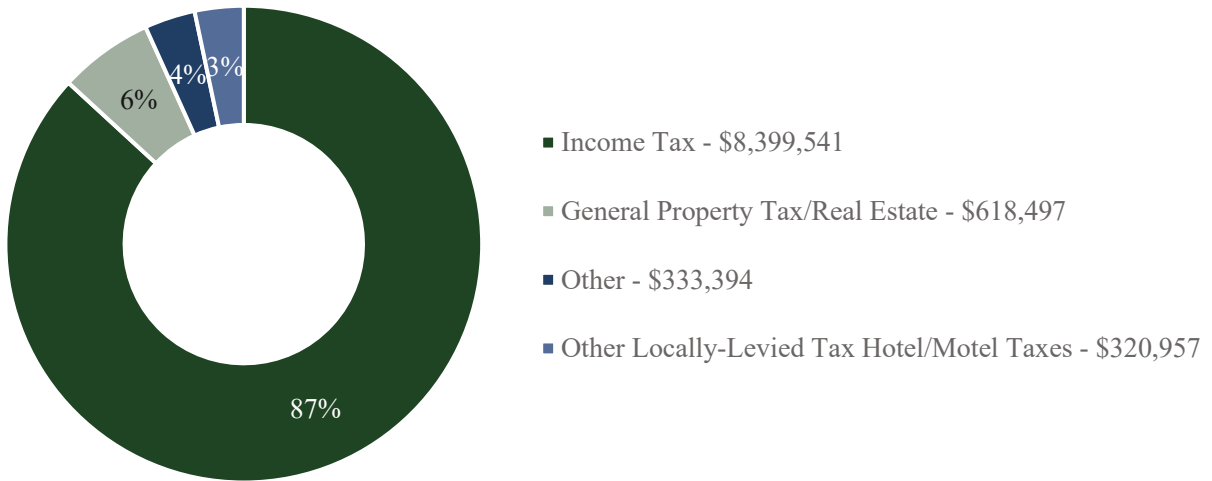
The following charts show the composition of revenue sources in the City’s General Fund in CY 2022, and the significance of the income tax as a source.

CY 2022 General Fund Revenue (\$12,374,678 in total)



Source: City of Marietta

CY 2022 Tax Revenue Composition (\$9,672,371 in total)



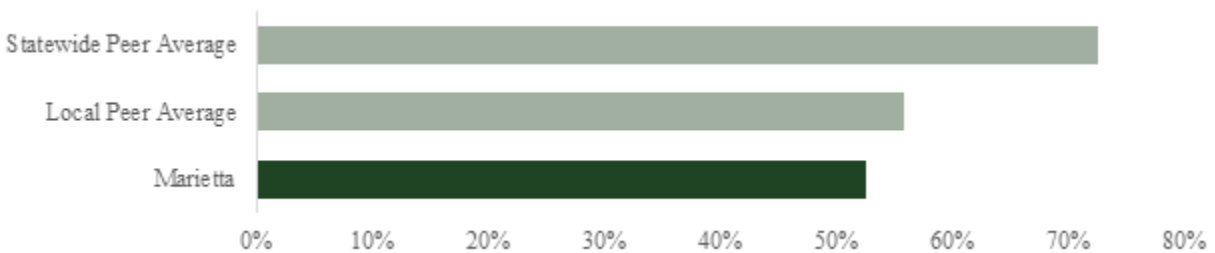
Source: City of Marietta

Note: Other includes Cigarette, Local Government Sales Tax (County/State Government), and Harbor Sales tax, which are pass-through funds that the City does not retain. The Other Locally-Levied Tax revenue is generated by the City’s lodging tax, 50 percent of which is pass-through money that is redistributed to the Marietta Visitors Bureau.

As the charts above show, 78 percent of the City’s General Fund revenue were comprised by taxes, of which the vast majority was from the City’s 1.85 percent income tax.

The chart below shows that Marietta’s General Fund revenue comprises a smaller proportion of its total revenue in comparison to both sets of peers.

CY21 GF Revenue as % of Total Funds



Source: City of Marietta and Peers’ 2021 Financial Audit

Note: Sharonville is excluded from the Statewide Peer Average calculation as their income tax revenue is over three times the standard deviation of the other Statewide peers.

Income Tax and General Fund Revenue Comparisons

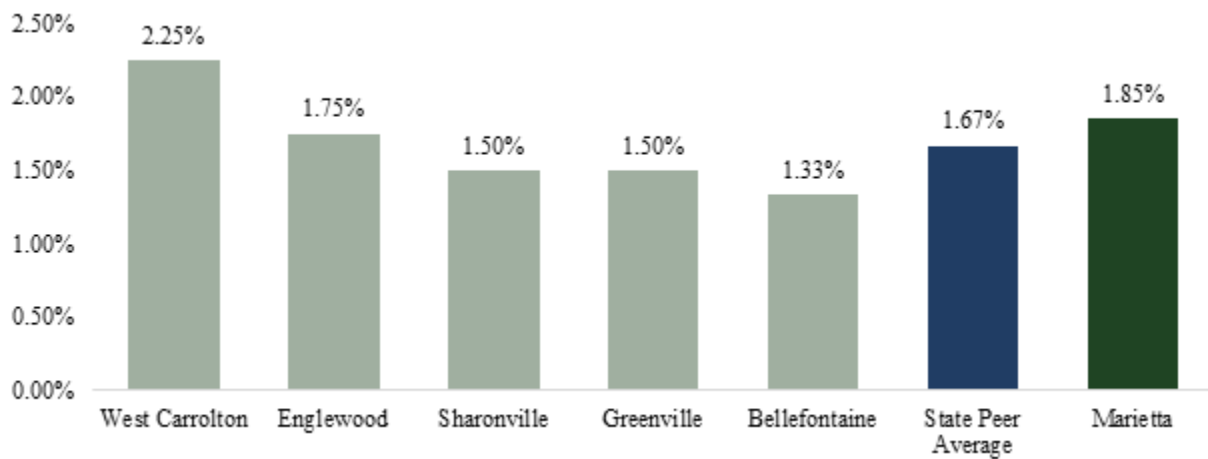
The following charts place Marietta’s income tax rate and resulting revenue in the context of both peer sets. Generally, the charts show that Marietta’s income tax rate is higher than the respective peer averages and results in comparatively more revenue. Specifically, Marietta’s income tax rate is higher than three of the five local peers and four of the five statewide peers.

Local Peer Income Tax Rate



Source: City of Marietta and Peers

Statewide Peer Income Tax Rate



Source: City of Marietta and Peers

CY 2022 Income Tax Revenue



Source: City of Marietta and Peers

Note: Sharonville is excluded from the Statewide Peer Average calculation as their income tax revenue is over three times the standard deviation of the other Statewide peers. Additionally, Bellefontaine did not provide a response and is therefore excluded from the Statewide Peer Average.

CY 2022 Income Tax Revenue per Resident



Source: City of Marietta and Peers

Note: Sharonville is excluded from the Statewide Peer Average calculation as their income tax revenue is over three times the standard deviation of the other Statewide peers. Additionally, Bellefontaine did not provide a response and is therefore excluded from the Statewide Peer Average.

CY21 GF Revenue per Resident



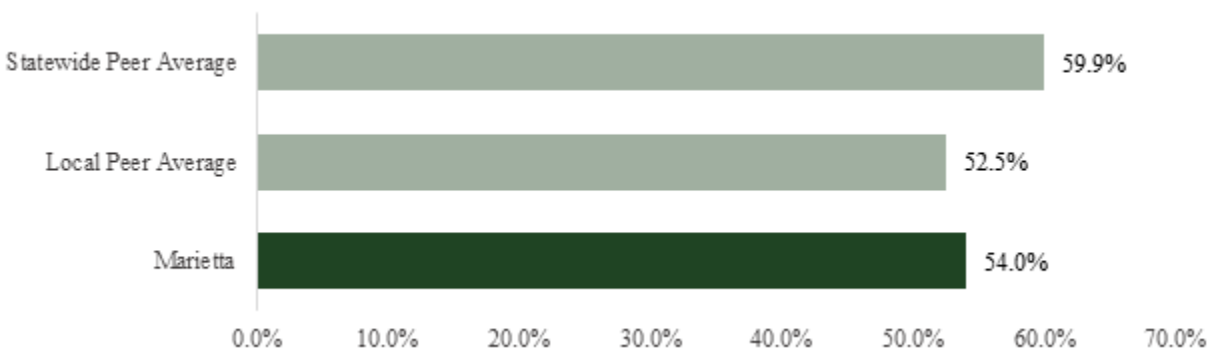
Source: City of Marietta and Peers' 2021 Financial Audit

Note: Sharonville is excluded from the Statewide Peer Average calculation as their income tax revenue is over three times the standard deviation of the other Statewide peers.

General Fund Expenditure Comparisons

The following charts further indicate that Marietta's General Fund spending is higher relative to both sets of peers, even though it has less reliance on the General Fund versus all other funds, in comparison to the peers. These charts are followed by a comprehensive list of the City's 50 revenue funds in CY 2022.

CY 21 GF Expenditures as % of Total Funds



Source: City of Marietta and Peers' 2021 Financial Audit

Note: Englewood is excluded from the Statewide Peer Average calculation because their 2021 general fund expenditure is significantly lower. Englewood uses their general fund for different purposes than the other Statewide peers.

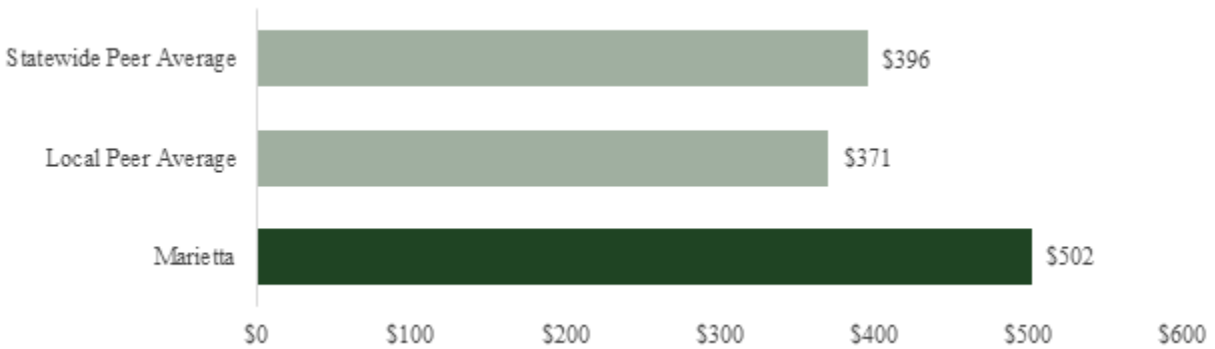
CY 21 General Fund Expenditures



Source: City of Marietta and Peers' 2021 Financial Audit

Note: Englewood is excluded from the Statewide Peer Average calculation because their 2021 general fund expenditure is significantly lower. Englewood uses their general fund for different purposes than the other Statewide peers.

CY 21 Public Safety (GF) Expenditures Per Resident



Source: City of Marietta and Peers' 2021 Financial Audit

Note: Englewood and Sharonville were excluded from the Statewide Peer Average as their public safety expenditures are from different funds.

Note: Cambridge was excluded from the Local Peer Average as the financial audit did not provide sufficient detail to break out public safety expenditures.

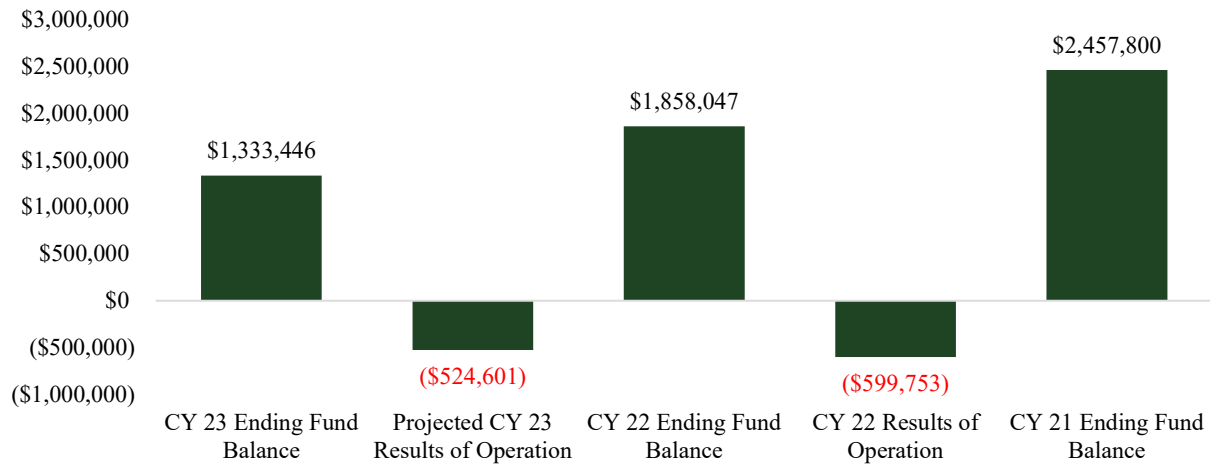
List of CY 2022 Funds

100 - General	243 - Domestic Violence
200 - Street	249 - Community Corrections
201 - State Highway	258 - Police Training
202 - Permissive Tax	259 - Home Sewage
203 - Income Tax	262 - Local Indigent Drivers
204 - Recreation	265 - Court Security Fund
206 - Cemetery	266 - Court Probation Services
207 - Fire Levy	267 - Court Prob Impr & Incentive
208 - Emergency Rescue	269 - Parking Lot Fund
209 - Visitors Bureau	270 - Mtta Comm Center at The Armory
211 - Food Service	276 - Marietta CDBG COVID-19
212 - Home Health	291 - Local Fiscal Recovery Fund
213 - VSSF	292 - OneOhio Opioid Settlement Fund
214 - Tree Planting	295 - Police Retention ARPA
216 - Marietta Belpre Health Fund	300 - Bond & Note
217 - Trailer & RV Park	400 - Capital Improvement
218 - Community Development	418 - WW Facilities Up-Grade
222 - Pools & Spas	421 - 1st Colony TIF
224 - Law Enforcement Trust	422 - Water Facilities Upgrade Fund
227 - Indigent Alcohol Abuse	430 - Fire Income Tax Fund .10
229 - Drug Enforcement	431 - Street Income Tax Fund .05
230 - DARE	500 - Water
233 - VIP	501 - Sewer
239 - Court Computer	703 - Un-Claimed Money
240 - Court Capital	750 - Cemetery Trust

Appendix C: Financial Forecasts

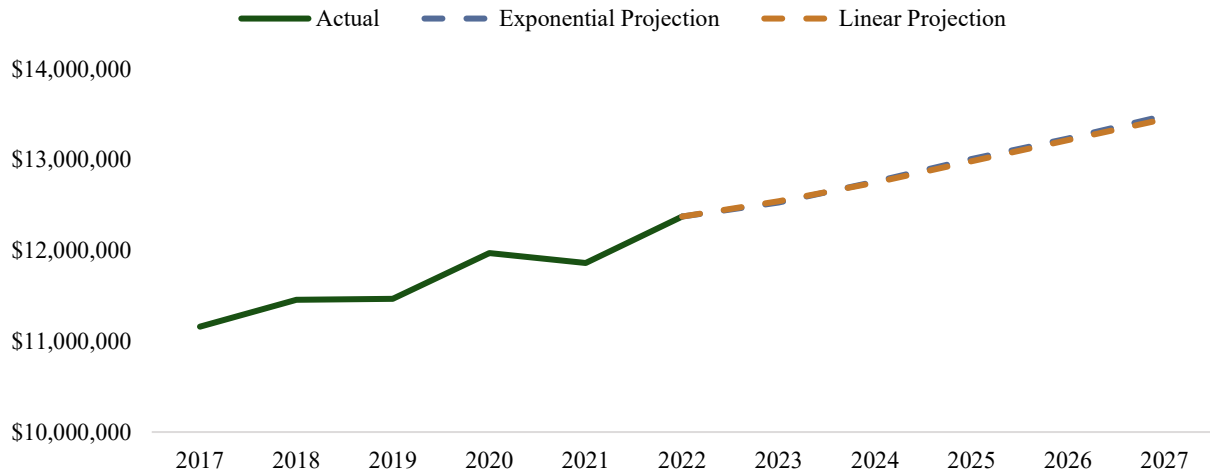
In addition to the analysis presented in **Recommendation 1**, the following financial forecast analyses were also conducted.

CY21 to CY23 Results of Operation



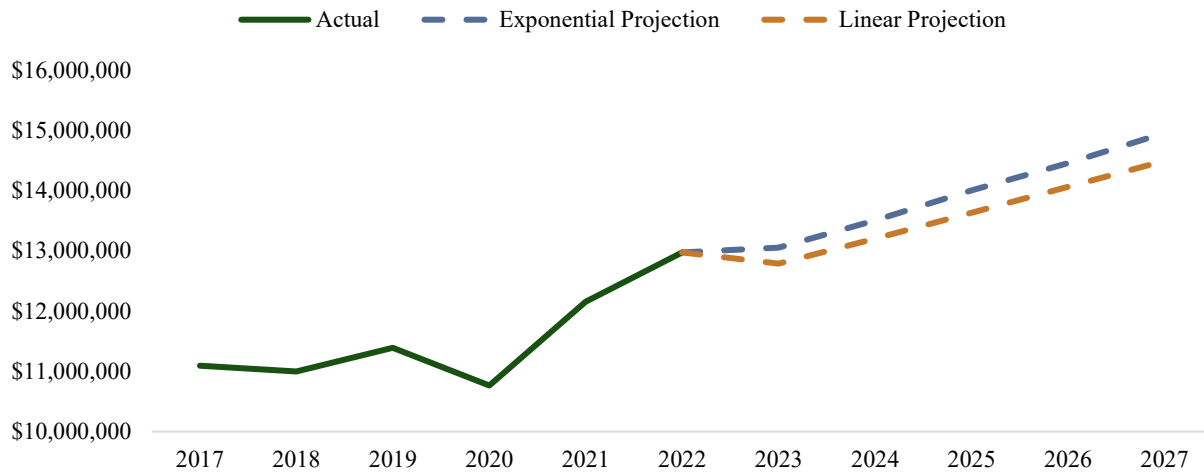
Source: City of Marietta

General Fund Revenue



Source: City of Marietta

General Fund Expenses



Source: City of Marietta

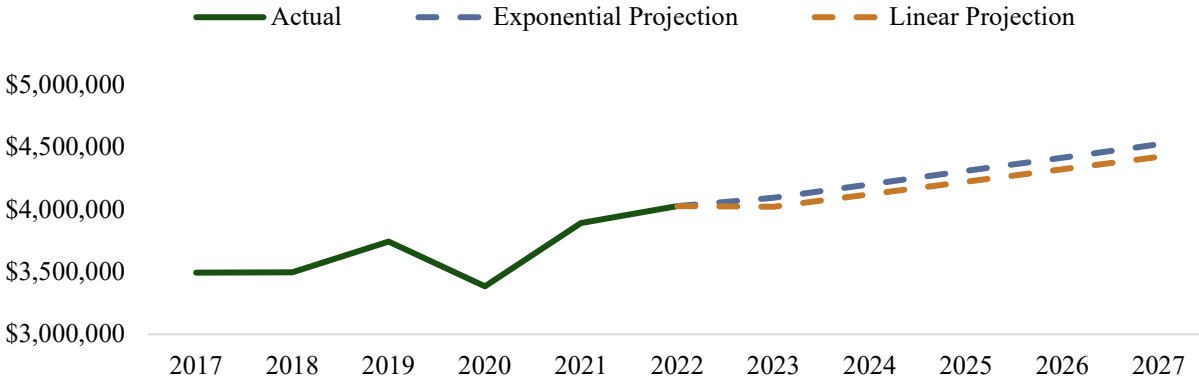
General Fund Reserves History and Outlook

	Year	Revenue	Fund Balance	Marietta % of Revenue	35% of Revenue Benchmark	Meet Moody's?
Actual	2017	\$11,161,180	\$2,044,538.00	18.3%	\$3,906,413	No
Actual	2018	\$11,455,823	\$2,321,685.00	20.3%	\$4,009,538	No
Actual	2019	\$11,466,827	\$2,562,955.00	22.4%	\$4,013,390	No
Actual	2020	\$11,970,773	\$3,859,204.00	32.2%	\$4,189,770	No
Actual	2021	\$11,864,228	\$2,457,800.00	20.7%	\$4,152,480	No
Actual	2022	\$12,374,678	\$1,858,047.18	15.0%	\$4,331,137	No
Projected	2023	\$12,529,620	\$1,333,446.11	10.6%	\$4,385,367	No
Projected	2024	\$12,757,857	\$583,618.39	4.6%	\$4,465,250	No
Projected	2025	\$13,007,481	(\$414,312.19)	(3.2%)	\$4,552,618	No
Projected	2026	\$13,235,719	(\$1,637,469.44)	(12.4%)	\$4,632,502	No
Projected	2027	\$13,485,342	(\$3,108,729.54)	(23.1%)	\$4,719,870	No
Projected	2028	\$13,713,580	(\$4,805,216.31)	(35.0%)	\$4,799,753	No
Projected	2029	\$13,963,203	(\$6,749,805.93)	(48.3%)	\$4,887,121	No
Projected	2030	\$14,191,441	(\$8,919,622.21)	(62.9%)	\$4,967,004	No
Projected	2031	\$14,441,065	(\$11,337,541.36)	(78.5%)	\$5,054,373	No
Projected	2032	\$14,669,302	(\$13,980,687.16)	(95.3%)	\$5,134,256	No

Source: City of Marietta and 2021 Financial Audit

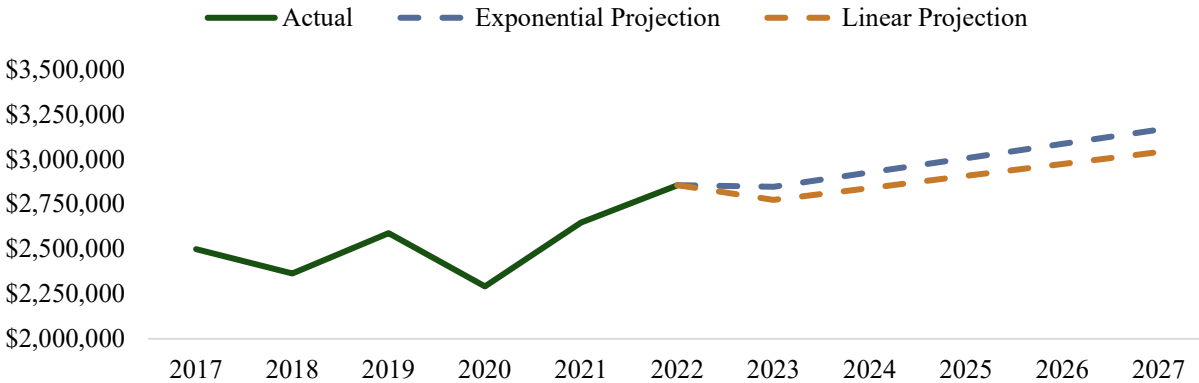
The following charts show the projected expenses in the City’s three highest spending departments through 2032.

General Fund Police Expense Projection



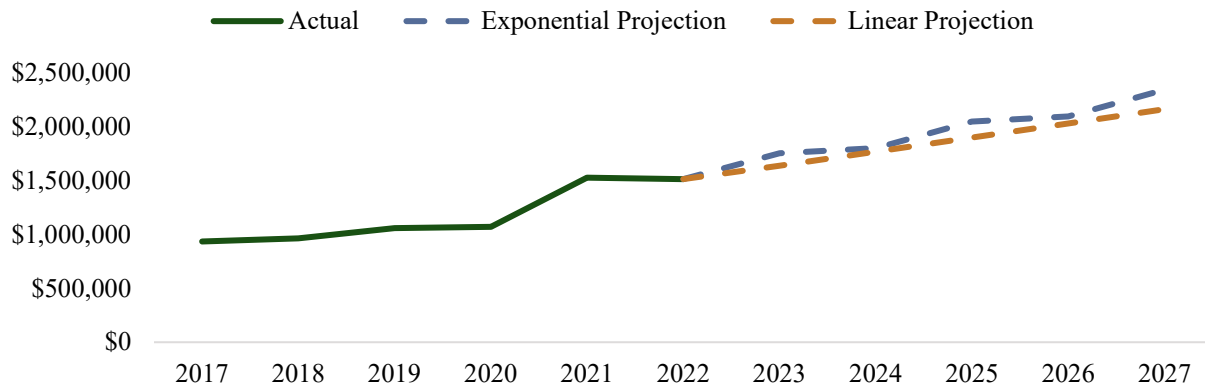
Source: City of Marietta

General Fund Fire Expense Projection



Source: City of Marietta

General Fund Land and Parks Expense Projection



Source: City of Marietta

Appendix D: Health District

The following table shows the populations of each of the 27 city-sponsored health districts across the State of Ohio and their respective status' as county seats. As shown, the majority of cities (18) have populations greater than Marietta, most of which are more populated by a significant margin. Additionally, just less than half (13) are the county seat of their respective counties.

List of Cities with Health Departments

Non-County Seat | County Seat

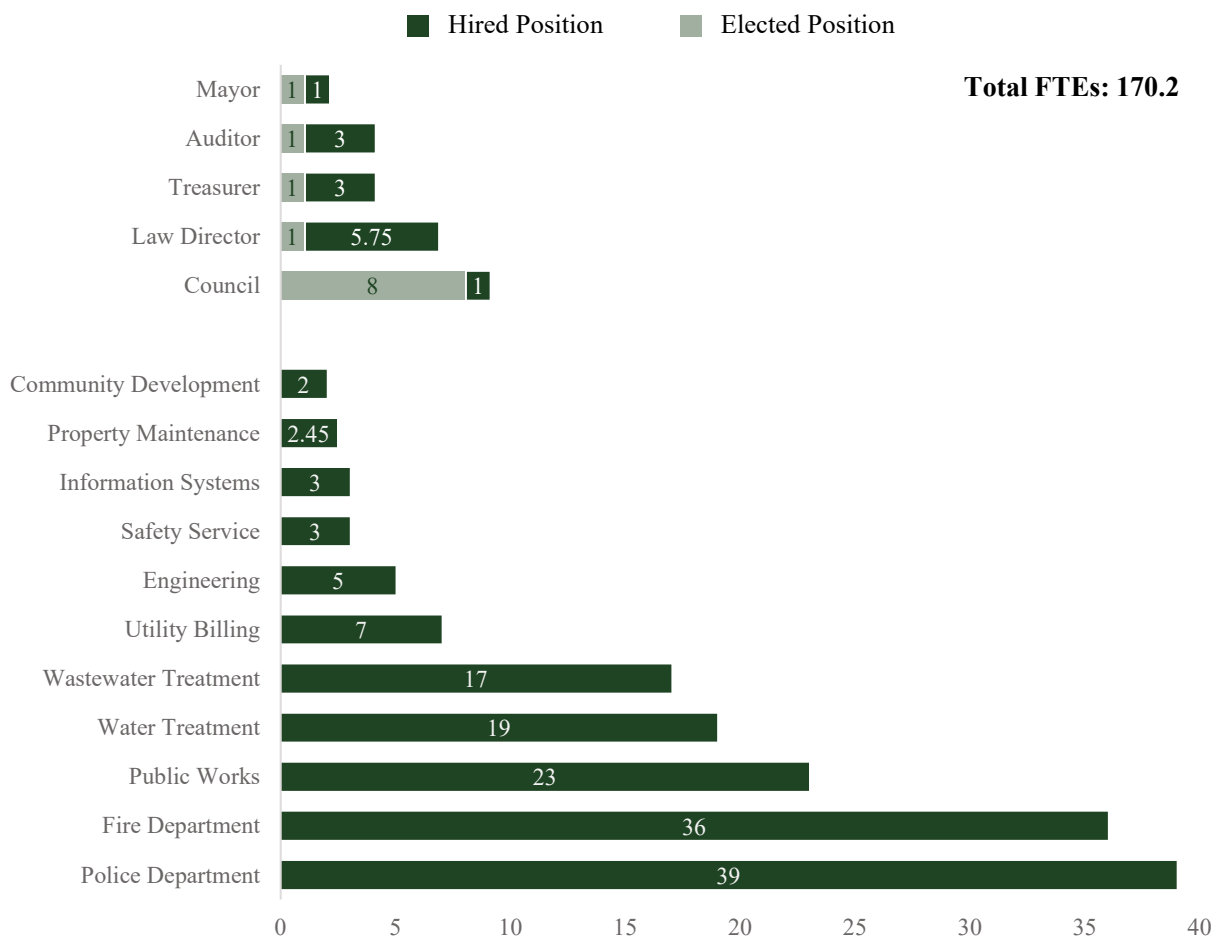
<p>Alliance City Health Department</p> <hr/> <p>POPULATION 21,414</p>	<p>Ashtabula City Health Department</p> <hr/> <p>POPULATION 17,806</p>	<p>Canton City Health Department</p> <hr/> <p>POPULATION 69,671</p>	<p>Cincinnati City Health Department</p> <hr/> <p>POPULATION 309,513</p>
<p>City of Hamilton Health Department</p> <hr/> <p>POPULATION 62,937</p>	<p>City of Middletown Health Department</p> <hr/> <p>POPULATION 52,229</p>	<p>Cleveland Department of Public Health</p> <hr/> <p>POPULATION 361,607</p>	<p>Columbus Public Health</p> <hr/> <p>POPULATION 907,971</p>
<p>Conneaut City Health Department</p> <hr/> <p>POPULATION 12,400</p>	<p>Coshocton City Health Department</p> <hr/> <p>POPULATION 11,016</p>	<p>Delaware General Health District</p> <hr/> <p>POPULATION 43,895</p>	<p>East Liverpool City Health District</p> <hr/> <p>POPULATION 9,765</p>
<p>Galion City Health Department</p> <hr/> <p>POPULATION 10,308</p>	<p>Kent City Health District</p> <hr/> <p>POPULATION 27,147</p>	<p>Marietta City Health Department</p> <hr/> <p>POPULATION 13,178</p>	<p>Marion Public Health</p> <hr/> <p>POPULATION 35,327</p>
<p>Massillon City Health Department</p> <hr/> <p>POPULATION 32,292</p>	<p>New Philadelphia City Health District</p> <hr/> <p>POPULATION 17,437</p>	<p>Norwood City Health Department</p> <hr/> <p>POPULATION 19,108</p>	<p>Oakwood City Health Department</p> <hr/> <p>POPULATION 9,413</p>
<p>Piqua City Health Department</p> <hr/> <p>POPULATION 20,607</p>	<p>Portsmouth City Health Department</p> <hr/> <p>POPULATION 17,587</p>	<p>Salem City Health Department</p> <hr/> <p>POPULATION 11,729</p>	<p>Shelby City Health Department</p> <hr/> <p>POPULATION 9,278</p>
<p>Springdale City Health Department</p> <hr/> <p>POPULATION 10,869</p>	<p>Warren City Health Department</p> <hr/> <p>POPULATION 38,906</p>	<p>Youngstown City Health District</p> <hr/> <p>POPULATION 59,144</p>	

Appendix E: Staffing Levels

In addition to the analysis performed in **Recommendation 4**, the following visuals and tables illustrate the analyses performed for each Marietta department. We compared each department to both local and statewide peers based on workload metrics that are relevant and applicable to each functional position, to show the minimum and maximum FTE reductions Marietta could make to align with the respective peer averages.

Marietta is governed by an elected eight-member council and four officials elected to the offices of mayor, auditor, treasurer, and law director. In total, the City employs 171 employees (168 full time and 3 part time) which equates to 170.2 FTEs, which includes 13.75 FTE support staff within the elected offices.

FTEs by Department/Function



Source: City of Marietta

The following tables show the staffing and workload comparisons to the local and statewide peers for areas of the City’s operations that did not result in a recommendation to consider potential reductions.

Finance & Tax Department Comparisons

Total Departmental Comparison

	Marietta	Local Peer Average	Difference	State Peer Average	Difference
Population	13,178.00	13,659.20	(481.20)	13,385.20	(207.20)
FTEs	8.00	6.00	2.00	7.00	1.00
FTEs per 1,000 Residents	0.61	0.44	0.17	0.52	0.08
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		2.21		1.11	

Finance Comparison

	Marietta	Local Peer Average	Difference	State Peer Average	Difference
Total Checks	11,310.00	9,697.80	1,612.20	8,492.00	2,818.00
FTEs	4.00	3.60	0.40	3.40	0.60
Checks Processed per FTE	2,827.50	2,693.83	133.67	2,497.65	329.85
Benchmarked Staffing Need ¹		4.20		4.53	
FTEs Above/Below ²		(0.20)		(0.53)	

Tax Comparison

	Marietta	Local Peer Average	Difference	State Peer Average	Difference
Total Tax Payments	19,167.00	9,908.00	9,258.80	22,304.00	(3,137.00)
FTEs	4.00	2.40	1.60	3.60	0.40
Payments Processed per FTE	4,791.75	4,128.42	663.33	6,195.56	(1,403.81)
Benchmarked Staffing Need ¹		4.64		3.09	
FTEs Above/Below ²		(0.64)		0.91	

Source: City of Marietta and Peers

1 – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

2 – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Property Maintenance Department Comparisons

Total Departmental Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Population	13,178.00	13,659.20	(481.20)	13,385.20	(207.20)
FTEs	2.45	2.15	0.30	6.49	(4.04)
FTEs per 1,000 Residents	0.19	0.16	0.03	0.48	(0.30)
Benchmarked Staffing Need ¹		N/A		N/A	
FTEs Above/Below ²		0.38		(3.93)	

Property Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Total Property Complaints	220.00	254.40	(34.40)	819.75	(599.75)
FTEs	1.48	0.95	0.53	4.88	(3.40)
Property Complaints per FTE	149.15	267.79	(118.64)	168.07	(18.92)
Benchmarked Staffing Need ¹		0.82		1.31	
FTEs Above/Below ²		0.65		0.17	

Zoning Comparison

	Marietta	Local Peer		State Peer	
		Average	Difference	Average	Difference
Total Zoning Permits	101.00	145.80	(44.80)	168.50	(67.50)
FTEs	0.98	1.20	(0.23)	1.61	(0.64)
Zoning Permits per FTE	103.59	121.50	(17.91)	104.50	(0.91)
Benchmarked Staffing Need ¹		0.83		0.97	
FTEs Above/Below ²		0.14		0.01	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Note: The City of Englewood was excluded from all state peer metrics.

Wastewater Department Comparisons

Total Departmental Comparison

	Marietta	Peer Average	Difference
Population	13,178.00	13,978.50	(800.50)
FTEs	10.00	9.63	0.38
FTEs per 1,000 Residents	0.76	0.69	0.07
Benchmarked Staffing Need ¹		N/A	
FTEs Above/Below ²		0.93	

Plant Operator Comparison

	Marietta	Peer Average	Difference
Total Voume of Water Treated (MGD)	874.40	1,260.58	(386.18)
FTEs	4.00	6.00	(2.00)
MG of Water Treated per FTE	218.60	210.10	8.50
Benchmarked Staffing Need ¹		4.16	
FTEs Above/Below ²		(0.16)	

Sewer Collection Comparison

	Marietta	Peer Average	Difference
Total Sewer Collection Line Miles	90.31	90.00	0.31
FTEs	6.00	4.33	1.67
Sewer Collection Line Miles per FTE	15.05	20.77	(5.72)
Benchmarked Staffing Need ¹		4.35	
FTEs Above/Below ²		1.65	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

Note: The City of Kenton was excluded from the Sewer Collection FTEs and Sewer Collection Line Miles per FTE metrics.

Water Treatment Department Comparisons

Total Departmental Comparison

	Marietta	Peer Average	Difference
Population	13,178.00	15,528.00	(2,350.00)
FTEs	10.00	10.00	0.00
FTEs per 1,000 Residents	0.76	0.64	0.11
Benchmarked Staffing Need ¹		N/A	
FTEs Above/Below ²		1.51	

Plant Operator Comparison

	Marietta	Peer Average	Difference
Total Voume of Water Treated (MGD)	659.00	757.11	(98.11)
FTEs	5.00	4.75	0.25
MG of Water Treated per FTE	131.80	159.39	(27.59)
Benchmarked Staffing Need ¹		4.13	
FTEs Above/Below ²		0.87	

Water Distribution Comparison

	Marietta	Peer Average	Difference
Total Water Distribution Line Miles	90.00	104.11	(14.11)
FTEs	5.00	5.25	(0.25)
Water Distribution Line Miles per FTE	18.00	19.83	(1.83)
Benchmarked Staffing Need ¹		4.54	
FTEs Above/Below ²		0.46	

Source: City of Marietta and peers

¹ – Staffing needs are calculated based on the total amount of annual work performed in Marietta if completed at the peer average ratio of work performed per FTE.

² – This value is calculated by subtracting the benchmarked staffing need from Marietta’s current FTE value.

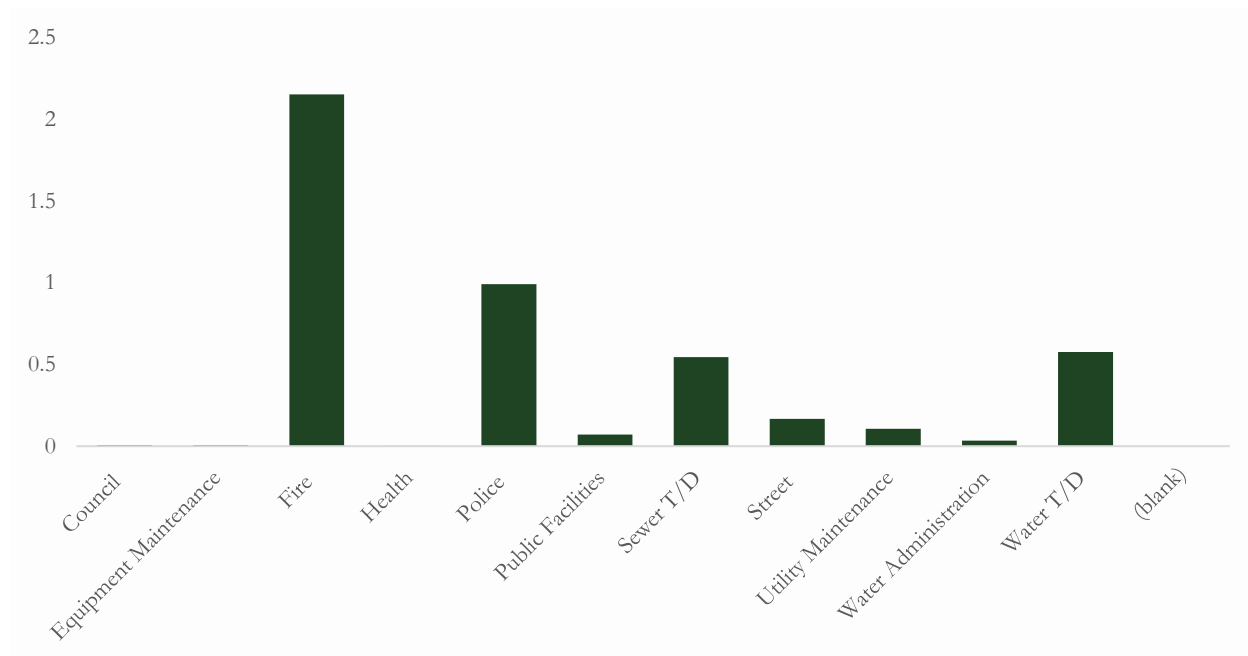
Note: The City of Springboro was excluded from all metrics.

Overtime

In addition to the staffing efficiency assessments shown above and in **Recommendation 4**, we looked at the City’s use of overtime in terms of FTE values, as well as in comparison to industry best practices.

The chart below places the amount of overtime worked in each department in FY 2022 in the context of FTE values.²⁸ The largest user of overtime was the fire department with 5,935.75 overtime hours worked, which equates to approximately 2.2 FTEs. The police department worked 2,164.75 overtime hours, or about 1.0 FTE, while the water and sewer departments worked 1,200.75 and 1,132.25 overtime hours, respectively, which equated to 0.58 FTEs for water and 0.54s FTE for sewer.

City of Marietta Overtime Hours in FTEs



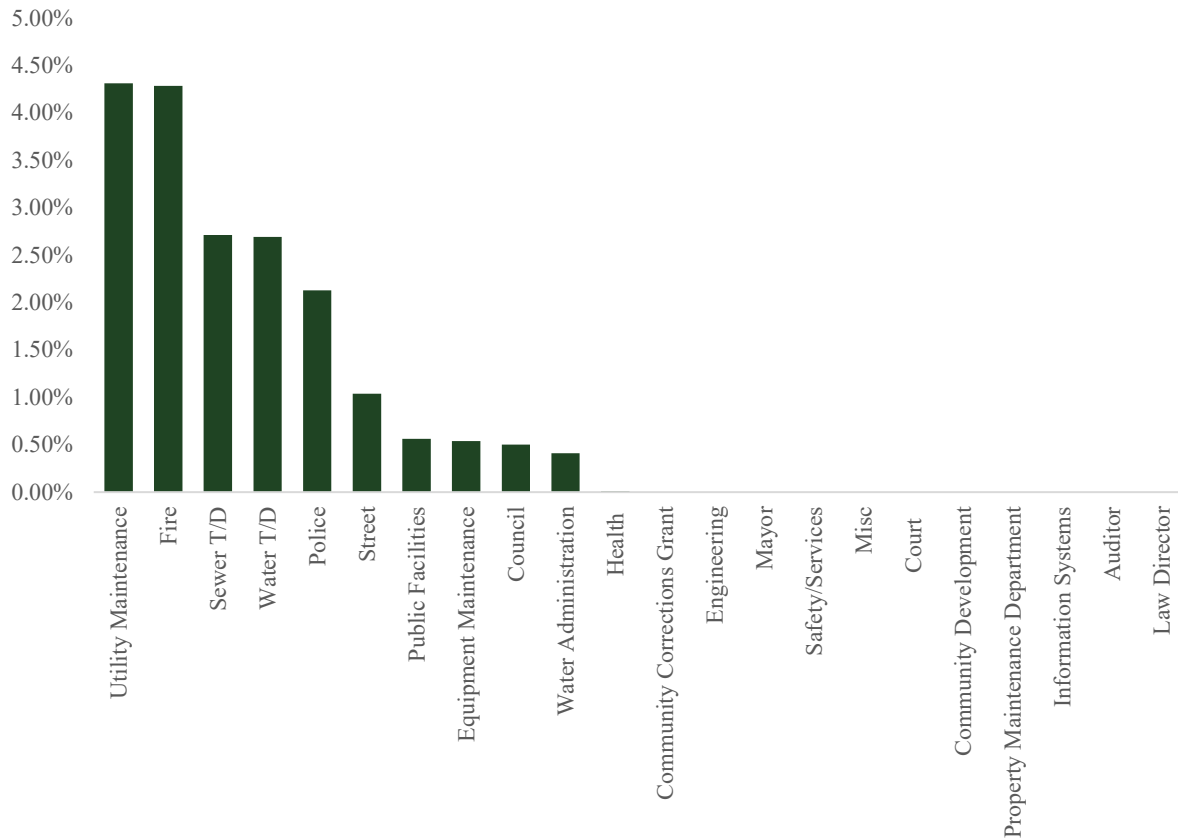
Source: City of Marietta

According to the U.S. Bureau of Labor Statistics, overtime costs should be 0.5% of total compensation costs for state and local government workers. When comparing Marietta’s overtime, nine departments were over the 0.5% benchmark for overtime costs, and include fire, utility maintenance, water, sewer, street, public facilities, water administration, and

²⁸ FTE values were calculated based on the total number of annual hours to be worked by an employee as specified in each respective CBA. For example, fire department FTEs are based on a 2,756-hour year while police department FTEs are based on a 2,184-hour year.

equipment maintenance. Fire, utility maintenance, water, police, and sewer had the highest percentages at over 2 percent.²⁹

Overtime Hours as a Percentage of Total Hours Worked by Department



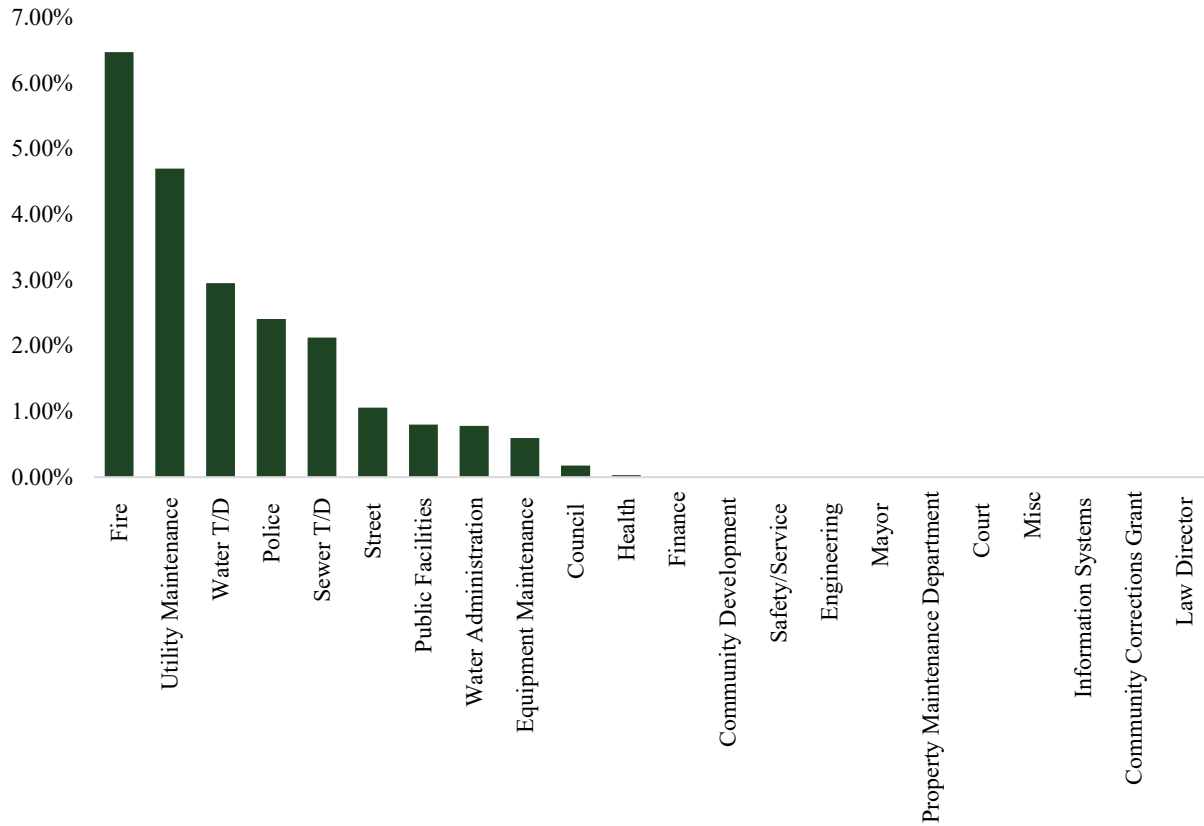
Source: City of Marietta

Marietta’s overtime was also compared to the ADP Best Practices for Time & Attendance Professionals. ADP Best Practices recommends limiting overtime hours to less than 5 percent of total worked hours. When compared to this criterion, no departments were over the 5% benchmark for overtime hours.³⁰

²⁹ When including comp time payouts, all departments were over the 0.5% benchmark, except for property maintenance, court, finance, and the misc. category.

³⁰ When including comp time hours, Council was the only department over 5%.

Overtime Costs as a Percent of Total Personnel Expenses by Department



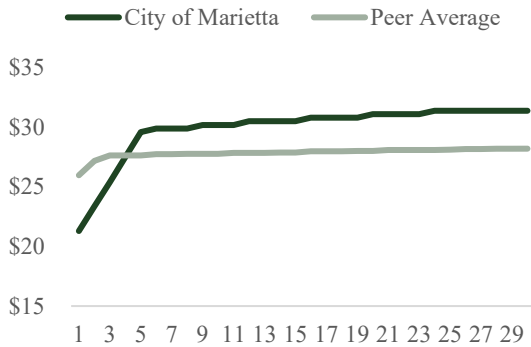
Source: City of Marietta

Appendix F: Compensation

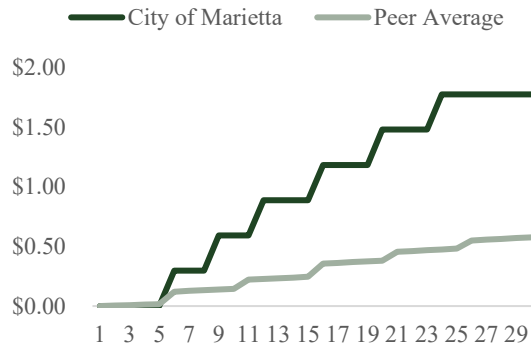
In addition to the analysis presented in **Recommendation 6**, the following visuals illustrate both totally hourly rates and longevity pay over a 30-year career for the respective positions below. As the analysis shows, longevity pay was identified as a key contributor to higher overall compensation.

Patrolman

Total Hourly Rate

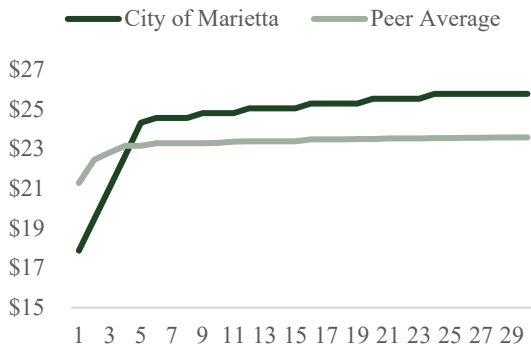


Longevity Pay

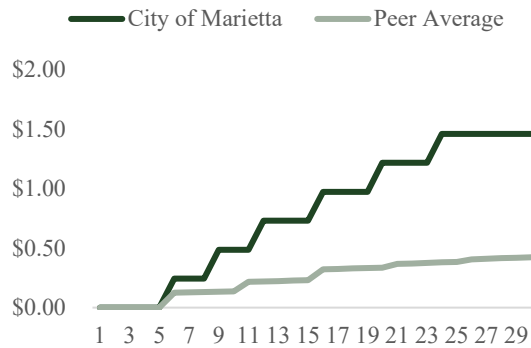


Dispatcher

Total Hourly Rate

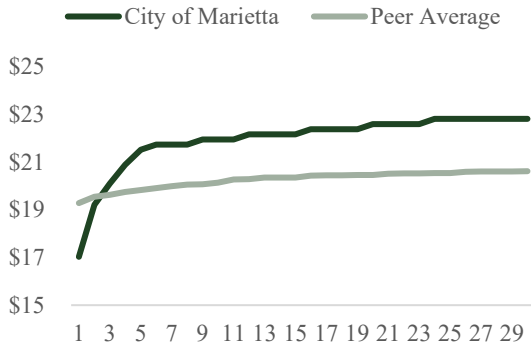


Longevity Pay

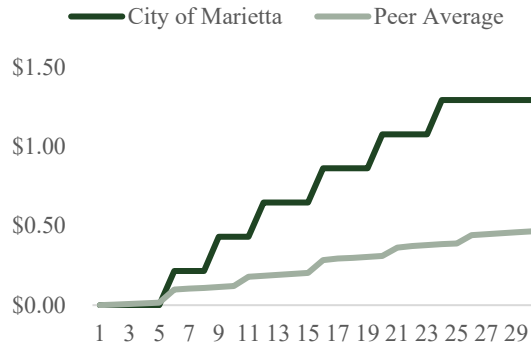


Firefighter

Total Hourly Rate

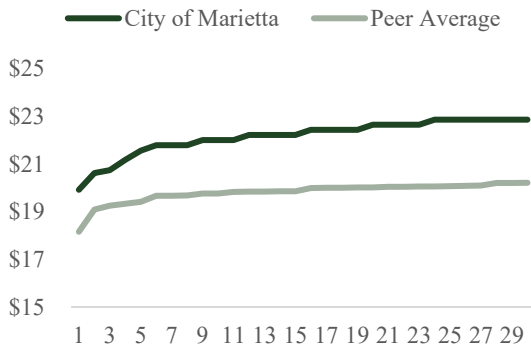


Longevity Pay

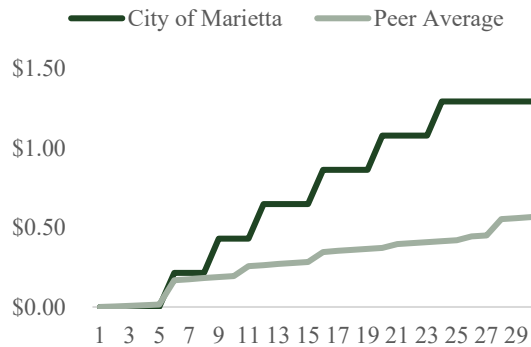


Laborer I

Total Hourly Rate

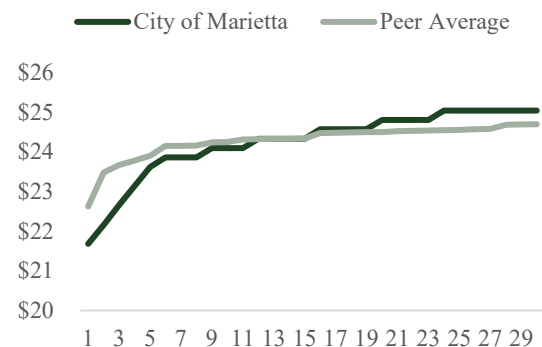


Longevity Pay

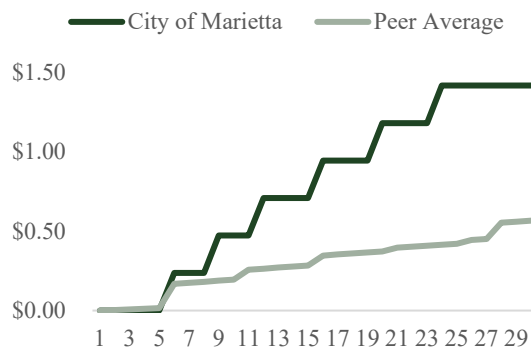


Mechanic

Total Hourly Rate

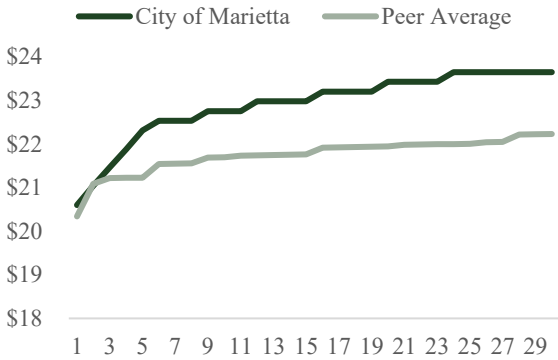


Longevity Pay

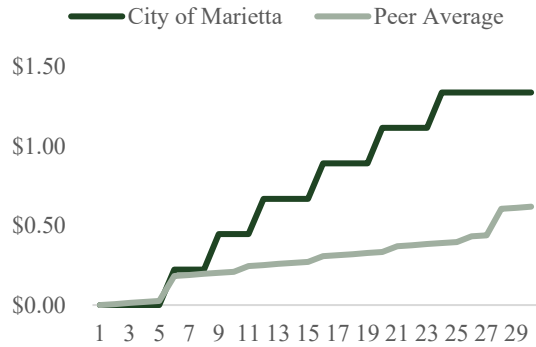


Truck Driver

Total Hourly Rate

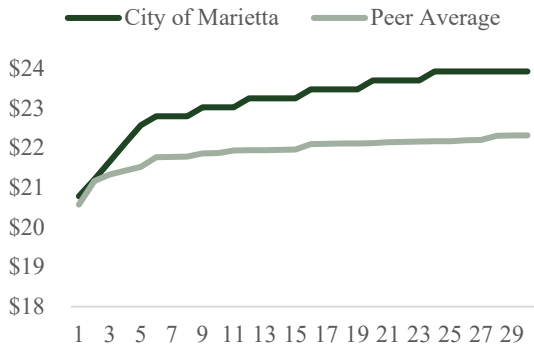


Longevity Pay

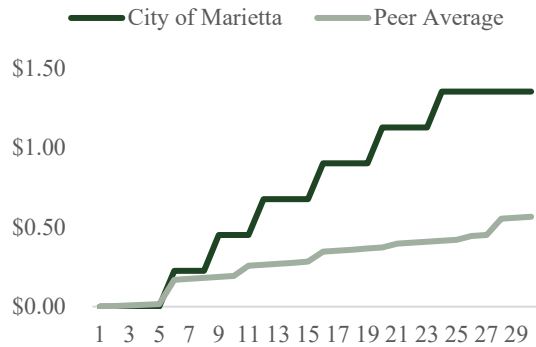


Equipment Operator I

Total Hourly Rate



Longevity Pay



Appendix G: Insurance

The City offers its employees medical, prescription, dental, and vision insurance through the Michigan Conference of Teamsters Welfare Fund Benefit Package 807. While the City has one insurance offering, the City uses two different cost share models based on whether the City employee is a member of the Teamsters collective bargaining unit. Teamsters members enjoy a slightly discounted cost share responsibility with the City of 10 percent of the insurance premium compared to non-Teamsters employees whose cost share responsibility is 15 percent. In FY 2022, 48 Teamsters members participated in the insurance plan and 154 non-Teamsters employees participated.

The following visuals illustrate Marietta’s total costs of medical and prescription, dental, and vision insurance compared to both the State Employee Relations Board (SERB) regional and SERB statewide averages. As shown below, the City’s insurance is more cost-effective than the SERB peer groups in both categories for medical and prescription coverage yet is slightly higher than the SERB peer groups for dental and vision. However, the difference in higher dental and vision costs is immaterial when netted against the lower costs of medical and prescription. Additionally, it’s important to note that the City’s plan design is generous relative to the SERB averages, which indicates that the lower insurance costs are not a function of reduced benefits.

Teamsters Family Medical + Rx Comparison - PPO Plan



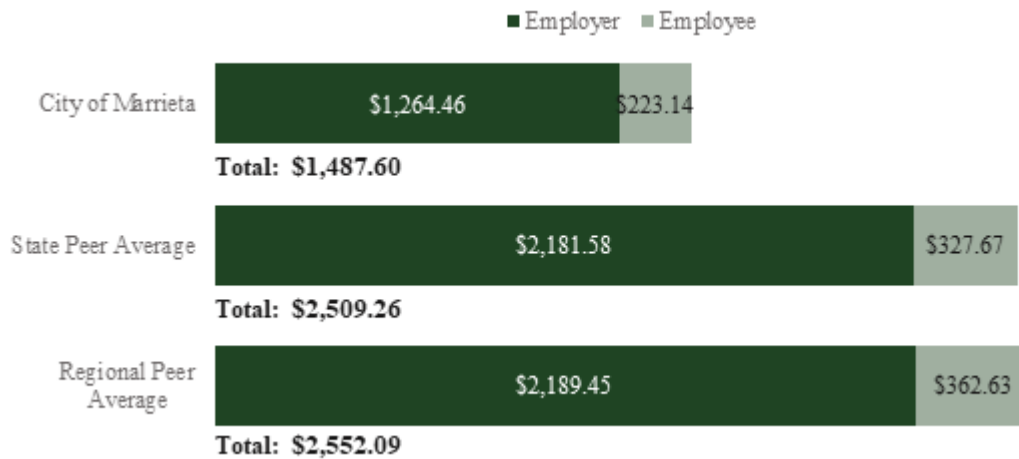
Source: City of Marietta and SERB

Teamsters Family Dental + Vision Comparison - PPO Plan



Source: City of Marietta and SERB

Non-Teamsters Family Medical + Rx Comparison - PPO Plan



Source: City of Marietta and SERB

Non-Teamsters Family Dental + Vision Comparison - PPO Plan



Source: City of Marietta and SERB

OHIO AUDITOR OF STATE KEITH FABER



CITY OF MARIETTA

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/6/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov