

City of Independence

MEMORANDUM

City Council Office

DATE: April 17th, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Zachary C. Walker, Management Analyst



SUBJECT: City Management Analyst's 2013 Annual Report



Section 1.43.007 (F) of the Independence City Code requires the City Management Analyst to provide an annual report to the City Council at least 75 days before the beginning of each fiscal year detailing activities and the result of audits completed since the last annual report. As such, I am providing you with this memorandum that summarizes my activities for calendar year 2013.

Annual Work Plan Activities

The Audit and Finance Committee approved the following work plan for the Management Analyst (listed in order as assigned by Audit and Finance Committee):

1. Review of Fleet Management Practices

- a. **Project Scope:** Review of the cost, quality, and timeliness of repairs at the City's Central Garage as well as the organizational structure and fleet management practices presently utilized citywide.
- b. **Project Status:** Final report presented to and accepted by the Audit and Finance Committee at the February 8th, 2013 committee meeting. The findings and recommendations of the report are summarized below, along with an update from city staff on the progress made in implementing these recommendations:
 - **Finding:** Vehicle and equipment replacement planning and funding is needed.
 - **Recommendation:** Management should strive to gradually reestablish a vehicle replacement program to address aging fleet.
 - **Staff Update:** A vehicle program is a policy decision and requires funding not available at this time. However, vehicle replacement priorities have been set for the Public Works Department. Reports will be distributed to other departments to determine their priorities.
 - **Finding:** Repair costs seem reasonable, but could be lower.
 - **Recommendation:** Management should revise the Administrative Policy for Vehicle Selection Criteria (AP-98-03) to increase standardization among the City's fleet by further narrowing each standard of vehicle to a limited number of allowable makes and models.
 - **Staff Update:** This item is complete. The purchasing system has been modified to improve standardization.
 - **Recommendation:** The Central Garage Division should develop itemized activity summary reports that can be provided to vehicle operators or fleet supervisors upon completing each work order.
 - **Staff Update:** This item is in progress. Vehicle repair reports are being distributed monthly, as requested by the

- departments. More frequent reports will be made to the departments requesting them.
- **Recommendation:** Management should explore investing in improved fleet management software to improve and consolidate fleet reporting and tracking citywide.
 - **Staff Update:** The item is complete. Updated fleet management software was purchased and is being used. This may be reviewed again if compatibility with fuel system software is an option.
 - **Finding:** Improved measures are needed to assess division performance.
 - **Recommendation:** The Central Garage Division should set additional goals related to the quality and timeliness of work and develop performance measures to assess progress.
 - **Staff Update:** The item is complete. Work quality and productivity are being measured. A goal has been set to complete all preventative maintenance work on schedule.
 - **Recommendation:** The Central Garage Division should revive its efforts to periodically survey users to assess their level of satisfaction with the cost, quality, and timeliness of maintenance and repairs.
 - **Staff Update:** The item is not complete due to the retirement and replacement, with a five-month vacancy duration, of the Garage Supervisor position. This is a goal for the next budget year.
 - **Recommendation:** The Central Garage should develop an annual report that summarizes maintenance and repair expenses, performance measure targets and accomplishments, and targets established for the next fiscal year.
 - **Staff Update:** The item is not complete due to the retirement and replacement, with a five-month vacancy duration, of the Garage Supervisor position. This item will take additional time. A year-end report will be done at the end of 2014.
 - **Finding:** Development and management of the Central Garage Fund needs improvement.
 - **Recommendation:** The Central Garage Division and Public Works management should regularly seek the assistance of the Budget Office to enhance their understanding of the financial status of their customers.
 - **Staff Update:** The item is complete. Meetings and discussions have occurred. Billing rates and fuel price adjustments are being managed based on budgets and operating costs. Those meetings will be ongoing into the future.
 - **Finding:** Accountability for preventative maintenance should be strengthened.
 - **Recommendation:** Management should consider implementing a second shift at the Central Garage Division similar to what is currently operated to provide snow removal services as well as the model utilized by the Water Department and Power and Light Department garages.
 - **Staff Update:** A second shift has been considered and is not recommended given current staffing levels and the

diverse fleet composition. Preventative maintenance services have been improved.

- **Finding:** Opportunities exist to assess the organizational structure of the Central Garage.
 - **Recommendation:** Management should pursue opportunities to evaluate the organizational structure of the Central Garage to determine if further integration of the Fire Department fleet management function into the Central Garage Division is appropriate.
 - **Staff Update:** The structure has been discussed. Fire equipment is being maintained by a vendor. New Central Garage staff has been hired but do not currently have EVT training. This is being explored. We must wait to ensure staff is in place and through a probationary period before incurring the training expense.
 - **Recommendation:** Management should evaluate Water Pollution Control fleet management responsibilities to determine the appropriateness of returning basic maintenance and repair services to the Central Garage Division based on the low cost and timeliness of service identified in this report.
 - **Staff Update:** Central Garage maintenance has been discussed. It is not recommended at this time.

- **Finding:** Development of standard operating procedures for the Central Garage Division is needed.
 - **Recommendation:** Management should develop an administrative policy to define fleet management policies and procedures related to operator responsibilities, garage operations, and other guidelines.
 - **Staff Update:** The item is not complete due to the change in the Garage Supervisor position. A procedure manual for the Central Garage and vehicle operators will be prepared during the next budget year.

2. Budget Constraint Analysis

- a. **Project Scope:** Report on the various constraints imposed upon the City's annual budget, the percentage of funds restricted by each category, and the percent of the City's budget that can be considered "discretionary".
- b. **Project Status:** Final report presented to and accepted by the Audit and Finance Committee at the April 19th, 2013 committee meeting. The report demonstrated that, much like a family budget, resources are difficult to shift from one purpose to another. Similarly, the City's budget restricts many resources that can only be used for specific purposes. The report identified nine categories that restrict the use of funds within the City's budget: Enterprise Activities (70% of the City's budget), Debt and lease Payments (2.6% of the City's budget), State Law and Charter Requirements (1.9% of the City's budget), Voter-Approved Allocations (6% of the City's budget), Grant Programs (1% of the City's budget), Dedicated Program Revenue (1.1% of the City's budget), Programs Approved by Ordinance or Resolution (2.3% of the City's budget), and Fixed Costs (10.6% of the City's budget). The remaining allocation is considered discretionary resources (4.5% of the City's budget), and represent those resources that are more easily reallocated from one purpose to another on an annual basis.

3. Review of Business Development Licensing and Permitting Process

- a. **Project Scope:** Report designed to address questions regarding the experiences of new and existing businesses seeking licensing and permitting services from

the City. Key focus areas included inter-departmental coordination in the licensing and permitting process, the customer service experience, and staff communication, both internally and with customers.

- b. **Project Status:** Final report presented to and accepted by the Audit and Finance Committee at December 17th, 2013 committee meeting. The report contained the following findings and recommendations:
- **Finding:** The Process Lacks a Dedicated Point of Entry and Contains Multiple Departments That Need Improved Coordination.
 - **Recommendation:** Management should designate a staff liaison to serve as the official point of entry for those seeking business-related assistance.

 - **Finding:** The Process Contains Regulations and Steps That Are Not Well Communicated.
 - **Recommendation:** Management should finalize development of a comprehensive business resource guide outlining general process steps and requirements. This guide should be placed prominently in the business portal on the City's website and should also be placed at the automated business centers and service counters in City facilities.
 - **Recommendation:** As the administrator of the plan review and permit inspection process, Community Development staff should determine which departments need to be involved with which project types and continue to condense the number of permit types and revise permit application forms, thereby eliminating the number of steps required in the process and increasing the rate of first-time project approvals.
 - **Recommendation:** Management should create a video for inclusion in the business portal on the City's website to illustrate the general steps in the licensing and permitting process, including promoting the pre-application review meeting.
 - **Recommendation:** Departments involved in the licensing and permitting process should identify a staff person to serve as the point of contact in order to improve inter-departmental communication and accountability.

 - **Finding:** Confusion Early in the Process Negatively Impacts Customer Service Satisfaction
 - **Recommendation:** The Community Development Department should act upon staff's idea to develop a situational guide or list of frequently asked questions to ensure they are thoroughly assessing the customer's project
 - **Recommendation:** Management should finalize plans to provide a citywide customer service training to ensure a business friendly culture is promoted among City staff.

 - **Finding:** Technology Utilized in the Licensing and Permitting Process is Antiquated.
 - **Recommendation:** The City should migrate to a new software system and away from aging legacy systems to allow for integration of information between departments.
 - **Recommendation:** Management should encourage the development of "apps" for smart devices to allow for additional project management capabilities by customers.

 - **Finding:** The licensing and permitting process lacks well-defined performance measures.

- **Recommendation:** City departments responsible for administering licensing and permitting functions should set goals related to the quality and timeliness of work and should develop performance measures to monitor progress.

4. Review of Nuisance and Property Code Enforcement

a. **Project Scope:** Report on the identification, documentation, and resolution of nuisance and property code violations, including timeliness of inspection and resolution activities, enforcement procedures, and the recidivism rate among those cited for offenses. The report will also sought to determine if opportunities exist for cross-training between code compliance staff and other municipal enforcement entities.

b. **Project Status:** Final report presented to and accepted by the Audit and Finance Committee at April 14th, 2014 committee meeting. The report contained the following findings and recommendations:

- **Finding:** The response time for initial inspection of code violation complaints approximates the national average, but could be improved.

- **Recommendation:** Management should examine and consider utilization of seasonal workers to help address peak investigation periods.

- **Recommendation:** The Property Maintenance Division should develop a report that compares the number of first-time offenders to repeat offenders among substantiated cases in order to further target the City's response while monitoring the effectiveness of current practices in reducing repeat offenses.

- **Recommendation:** Management should coordinate a meeting with the Property Maintenance Division and the Presiding Judge to review and determine ongoing use of the sentencing recommendation form as well as the pre-court inspection in order to ensure appropriate information is available to render a decision while helping further improve the Division's initial response time.

- **Finding:** The City has uncollected special assessments for abatement activities.

- **Recommendation:** The City should look for opportunities to increase funding for proactive programs such as the Neighborhood Code Compliance Program that help citizens achieve voluntary compliance in order to avoid costly and prolonged abatement activities if City revenues increase in the future.

- **Recommendation:** The Property Maintenance Division should list potential costs to the property owner/occupant if corrections are not made in an effort to increase voluntary compliance.

- **Finding:** Property owner responsibilities under the Property Maintenance Code should be clarified.

- **Recommendation:** City departments should document and publicize code enforcement responsibilities in order to improve accountability, avoid confusion, and reduce the number of cases being referred to other departments.

- **Recommendation:** The Property Maintenance Code should be reviewed for proposed revisions to be provided to the City Council in order to keep pace with national standards while promoting greater awareness of property maintenance responsibilities among citizens.

- **Finding:** Enforcement actions by the Municipal Court against violators could be strengthened.
 - **Recommendation:** The current fine structure for property maintenance violations should be reviewed to provide greater latitude in sentencing by establishing a fine range for each offense.
- **Finding:** The Property Maintenance Division's Administrative Policies and Procedures Manual has not been revised to include important adaptations.
 - **Recommendation:** The Property Maintenance Division's Administrative Policies and Procedures Manual should be reviewed and updated to address evolving operational practices.

5. Review of City Communications

- a. **Project Scope:** Report reviewing the mechanisms currently used by the City to contact and inform citizens, the methods by which citizens presently communicate with the City, and the identification of best practices for providing and receiving communications with citizens.
- b. **Project Status:** Project initiated, conducting fieldwork.

Additional Audit and Review Activities

In addition to the audits and reviews assigned as part of the Management Analyst's annual work plan, the following report was requested by the City Council and approved for completion by the Audit and Finance Committee:

- **Review of Falls at Crackerneck Creek**
 - **Project Scope:** Report assessing The Falls at Crackerneck Creek Tax Increment Financing Plan to provide further clarity regarding the following:
 - What are the key terms of the financing agreement, and has the City abided by these terms?
 - Were all contract documents appropriately reviewed prior to approving the project, and has the expenditure of funds been consistent with City Council approval?
 - What tax increment financing projects have been taken on by other area municipalities? What is their financial liability? How have they managed the liability?
 - **Project Status:** Report presented to and accepted by the Audit and Finance Committee at the September 6th, 2013 Committee meeting. The report provided the following responses to the outlined questions:
 - The Falls at Crackerneck Creek Tax Increment Financing Plan contains multiple agreements addressing various parts of the plan. After reviewing each agreement, it was concluded that the City is wholly and entirely complying with all terms set forth in each agreement. The report also clarified that the financing for the project represents a loan made to and ultimately owed exclusively by the City and outlined the consequences for failing to honor this obligation.
 - The report found that a complete and thorough assessment of the project and each agreement was conducted at every appropriate juncture, and that the financial implications of the project were well known. The report also found no instance of misappropriation of funds during the course of the project that would suggest anything other than strict and mindful adherence consistent with City Council approval for the expenditure of funds.
 - The report found that underperforming economic development projects exist within other municipalities, and that honoring the annual appropriation pledge associated with these projects remains the most

definite, if least palatable, means for addressing these obligations and avoiding a series of catastrophic events that would undoubtedly follow a default.

Contract and Rate Increase Reviews

Section 1.43.007 (D) of the Independence City Code states that “The Management Analyst shall audit all proposed City contracts anticipated to cost in excess of Two Million Dollars (\$2,000,000.00) or scheduled to be in effect for more than twelve months and anticipated to cost in excess of Five Hundred Thousand Dollars (\$500,000.00) prior to the proposed contracts being submitted to the City Council.” This review is to consider, among other things, whether all parties have adhered to proper procedures in the bidding process. In fulfilling these duties, the following contracts were reviewed during the reporting period:

- **City Clerk**
 - 2013 Records Disposition Report
- **Power and Light**
 - LED Streetlight Purchase
- **Public Works Department**
 - Rock Creek Interceptor Segment 1
 - 35th Street Improvements (Crysler Avenue to Noland Road)
 - 2013 Asphalt Street Overlay Program
 - 39th Street and Bridge Improvements
- **Water Department**
 - Courtney Bend Water Treatment Plant PLC Replacement
- **Water Pollution Control Department**
 - Wastewater Treatment Plant and Pump Stations Improvements Contract 1

Additionally, Section 1.43.007 (E) of the Independence City Code requires that “the Management Analyst shall audit all proposed utility rate increases for any of the City operated utilities (Power & Light, Water, and Water Pollution Control Departments) prior to any action being taken by the City Council on the proposed rate increases.” In 2013, no such rate increases were proposed.

Non-Audit and Review Activities

As part of my ongoing efforts to enhance my knowledge of issues and affairs important to the City of Independence, the following actions were taken:

- Attended City Council Legislative and Study Sessions to track City affairs.
- Attended bi-monthly Department Director’s meeting to assess emerging issues.
- Attended other City-business related meetings and events:
 - Mayor’s Prayer Breakfast
 - Truman Public Service Award Ceremony

Externally, I attended the following meetings and functions in which the City of Independence was a stakeholder:

- Independence Chamber of Commerce Legislative Briefings
- Independence Chamber of Commerce Monthly Membership Luncheons
- Eastern Jackson County Betterment Council Meetings
- Independence Economic Development Council Eggs’n’Issues Meeting
- Independence School District Foundation Annual Meeting

The following services were also provided during the reporting period:

- Prepared monthly reports for the Mayor and City Council detailing progress on assigned projects and other activities.
- Maintained a City Management Analyst website to provide public access to all audits, reports, contract and rate increase reviews, and other activities. The web page may be

accessed via the City Council website or by navigating directly to the following link:
<http://www.ci.independence.mo.us/citycouncil/MgtAnalyst.aspx>

- Served on an interview committee to review applicants and recommend an individual for the Law Department's vacant Admin II position.

Professional Development Activities

To further develop and refine my knowledge, skills, and abilities, I participated in the following professional development activities during the reporting period:

- ***Independence Chamber of Commerce L.E.A.D. Program***
 - Structured, eight-month program sponsored by the Independence Chamber of Commerce to provide a network of informed leaders with a commitment to the continued growth and development of Independence. Program met once monthly from October 2012 to May 2013, with half of each session focusing on developing leadership skills and the remaining portion dedicated to a topical overview unique to Independence. Topics included: non-profit agencies, education, government, public safety, economic development, and tourism/history.
- ***Inter-Governmental Audit Training***
 - Held May 23rd, 2013 in Lawrence, Kansas, this free training offered a highly-interactive program in which participants worked in small groups on a series of training exercises focused on developing audit findings and reports. Through discussion of the various decisions associated with the execution and reporting phases of an audit, participants applied their auditing skills while exchanging practices and professional experiences with colleagues. 6.5 Continuing Professional Education were awarded for this training.
- ***Emerging Leaders Academy***
 - Professional development program sponsored by the University of Kansas Public Management Center and designed to gain knowledge and skills in leadership, organizational dynamics, communication, and career planning. The program met ten times over five months, concluding in January 2014.

If you should have any questions about this annual report or the activities detailed therein, please do not hesitate to contact me. I look forward to the continued opportunity to be of service to you.