To:
Mayor Rebecca Casper
308 Constitution Way
Idaho Falls, ID 83402

From:
Citizens Review Committee
Municipal Services Division
310 Elm Street
Idaho Falls, ID 83402

**Report of Review, Findings and Conclusions
Of The
2014 Citizens Review Committee
Municipal Services Division
Idaho Falls, Idaho**

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Introduction

"Citizen Advisory Boards are a local government entity which consists of volunteer citizens from the community they represent. Citizen Advisory Boards add to the deliberative quality of a democracy by involving everyday citizens in political processes that help shape the policies of a local government."

The responsibilities of a Citizen Advisory Board include but are not limited to "the study of critical issues, taking public testimony, performing independent research, and reviewing staff reports and recommendations. These prepare the advisory body to discuss, analyze, formulate, and forward well-developed, thoughtful recommendations to the legislative body" [1]

"Some boards have administrative functions, while others act strictly in an advisory capacity. Administrative boards generally have managerial, supervisory, or investigative powers. They may act on behalf of the governing body by exercising actual or de facto decision-making power. Examples of boards that generally have administrative powers are library boards of trustees, airport boards, utility boards, various boards of appeals, and civil service commissions. Boards created only to advise, recommend policy, or provide other input to the legislative body are considered strictly advisory boards."[2] This Committee is an Advisory Board, appointed by Mayor Rebecca Casper. As such, the Committee will report any findings and conclusions to the Mayor.

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[1] Participedia 2013: Citizen Advisory Board, Discussions.
[2] *Local Government Citizen Advisory Boards*, Examples Options and model practices for the effective and efficient use of advisory boards by local governments, Municipal Research and Services Center, August 2008.

The members of the 2014 Citizen Review Committee for the Municipal Services Division are:

Jerry Hong, Chair	Kenneth Radford
Evan Bastow	Kirk Larsen
Mary Frerichs	Cheryl Seidelmann
Michael Bray	Jerry Johnson
Jeffrey Bryant	David Smith

This report includes many conclusions of the entire committee. The inclusion of an item does not necessarily indicate the committee reached a consensus regarding a finding or conclusion.

Respectfully submitted on behalf of the entire 2014 CRC – Municipal Services

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Jerry Hong
Committee Chairman

Objectives and Scope of the Citizen Review Committee

The City of Idaho Falls has formed these Citizen Review Committees to encourage city-wide efficiency and innovation in an open atmosphere. Applications from the public were solicited and screened for city residency and potential financial or other conflicts with the goal of obtaining balanced committees that reflect a broad array of interests and opinions about local government. It is hoped that "fresh eyes" will reveal new or exciting directions for city management, budgeting and innovation.

The Committee review can be as broad or as specific as the committee desires. However, any confidential personnel matters or other city business that might otherwise be considered exempt from Idaho's Open Meeting Law may not be made available for committee members to review.

The Mayor's goals for the Review Committee, in no particular order, are stated as follows:

- Shopping for new ideas
- Solve city problems
- Economic growth
- Increase capacity of city divisions
- Budget savings.

Review Procedures

Prior to performing any review, the Citizen Review Committee met with Mayor Casper, wherein she discussed the formation of the Committee, her goals, and the review process. The CRC then split up by Division and met to establish procedures and make assignments.

1. The Municipal Services Division Review Committee received a report from the Municipal Services Director, Craig Rockwood.

2. The Committee then decided to split up and have presentations by each department within the Municipal Services Division to smaller groups for data gathering. The Municipal Services Division includes: Data Processing or Information Technology, General Services, Treasurer, Finance, and City Clerk.

3. These reports to the committee members were then discussed before the municipal services committee.

4. After deliberation, additional sources of information were identified and assignments made to members.

5. Additional meetings were held to discuss findings, and possible conclusions. All opinions of the Committee have been included, whether in majority agreement or not.

Findings

Facilities

The City has numerous (340) properties and buildings scattered around town, from the old City Hall building to the new City Garage, all the way down to rest rooms at city parks. Generally the facilities are well kept, but in some instances long term planning has not allowed for sufficient up-keep and maintenance. Either from a lack of planning or budgeting, this Committee observed almost embarrassing conditions. After discussions with division/department heads and staff, as well as our own observations, we found:

- The building and maintenance department is under staffed. The building maintenance department has 12 employees and one clerical position.

- Other divisions complain of "poor service" from building maintenance for lack of, or delayed response, meeting time schedules (or lack thereof) and in some cases quality of work (not meeting building codes).

- A long term building maintenance plan does not exist, and if requested improvements are not approved for funding, the request is dropped instead of being placed on a prioritized maintenance schedule.

- The equipment maintenance shop prepares work orders for all work which charge all parts and labor to the various departments within the City. The work order program also acts as the work assignment system to get maintenance done, and insures all vehicles are serviced at least once per year. Building maintenance parts and supplies are billed to the various departments, but the labor is not. Building maintenance is performed on

an emergency basis, or when the squeakiest wheel needs attention. A long term or annual maintenance schedule, including back log work by building, does not exist.

- A one stop information desk does not exist. Visitors entering city hall have information signs to follow, but if the visitor doesn't know the exact department within the City that provides the answer/service, they are at a loss as to which closed-door office to go.

- The only open doors in the City Hall are the City Clerk and Mayor's office. Even as committee members, we felt unwelcome and intrusive if we ventured into inner offices, not knowing if we were in employee only areas or not.

- The only handicap access at the old City Hall is for utility collections (bad debts) or firemen. The committee does not believe there are many handicapped firemen, or only handicapped people are bad credit risks. New utility connects are down stairs and utilities payments are upstairs (again signage, but no actual information desk).

- The rest room conditions for the public and employees is very inadequate. The most logical place to expand or construct a new ladies rest room is being converted from office space to a conference room. Approximately 50 employees work in the old City Hall, and about 40 are women that have access to three stalls (not rest rooms, stalls) in the entire building. Unless plans exist for other options, the new boardroom is a bad decision.

- Office space has been inserted in windowless, closed-in, dark and

confined areas. Some of the working conditions in the basement level are not appropriate.

- Excess, or unused furniture, fixtures, and equipment is inventoried, but scattered around wherever space can be found. A centralized storage and access facility does not exist.

- File space is scattered as much as excess equipment. Proper archives with fireproof security and other loss prevention is lacking.

Civic Auditorium

The Civic Auditorium is an asset to the community. It is available to rent at a rate this committee believes is a low rate, less than a fair price. However, the operating loss each year is large enough to consider other alternatives for operations. The City should provide amenities that make the City a better place to live, and the auditorium is definitely a great addition. But, the City has not been in the business of actually promoting the use of the facility. "If you build it, they will come" does not always apply. After discussions with division/department heads and staff, as well as our own observations, we found:

- The City employs staff to operate the auditorium, but not to promote the use of the auditorium.

- The auditorium was occupied over 160 days in the most recent fiscal year under 72 use contracts. The annual attendance is conservatively estimated at 58,000 per year.

- There have been upgrades to sound and lighting over the years, but long

term upgrade and maintenance schedules/plans do not exist (much like other buildings within the City). The seats were replaced on the late '70s.

- Various backdrops and set equipment are over 50 years old and urgently in need of upgrading or replacement.

- The proceeds from the ticket office are not enough to fund the long term care the facility requires.

- Day time performances are restricted because of parking by high school students in the City owned parking lot.

- City owned practice rooms are not available to the City. The practice rooms have been "loaned" to the school district in exchange for restroom access and heating from the school district. The school district rents the practice rooms to performances at a rate higher than the rental rates for the entire auditorium.

Information Technology

The information technology within the City, like the computer industry, is evolving. The evolution is driven by a need for quicker access to data, higher security levels, increased productivity, and better customer service. After discussions with division/department heads and staff, as well as our own observations, we found:

- The backbone of the City accounting system is based on secure but quickly outdating software and hardware. The current system contains many custom in-house programs and patches which require programmer maintenance.

- The hardware obsolescence is more a result of new software being developed on new systems. Software providers are not providing programs that run under the older operating systems and are discontinuing software upgrades and maintenance for the existing programs.

- Other divisions complain of "poor service" from information technology for lack of, or delayed response and meeting time schedules (or lack thereof).

- The equipment maintenance shop prepares work orders for all work which charge all parts and labor to the various departments within the City. The work order program also acts as the work assignment system to get maintenance done, and insures all vehicles are serviced at least once per year. Information technology parts and supplies are not billed to the various departments by work orders. A random allocation of expense is charged to the other departments. The allocation does not seem to have a correlation to the time or expense involved with the actual work.

- The City maintains a Municipal Equipment Replacement Fund (MERF) to retain and replace existing equipment. In today's technology world, retaining and replacing intangible assets such as the information technology is just as important, but a long term replacement plan has not been implemented.

- The City employs one programmer and four PC technicians, and just recently added one more technician. Last fiscal year, the PC technicians were serving 150 personal computers per technician. According to IT

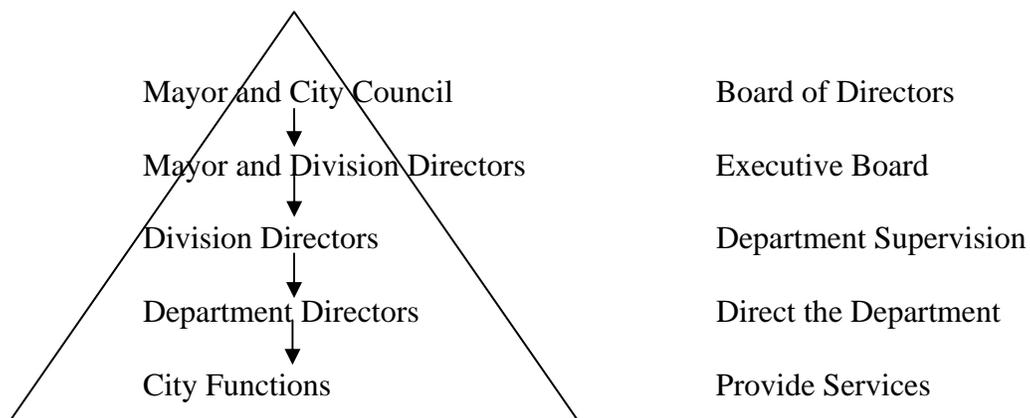staff, the industry standard is 100 PCs per technician.

- PC technicians have been cross-trained to be able to have comparable/switchable staff persons; however, there are now challenges that may require a higher degree of specialization in the information technology department, such as network security, data encryption, off-site storage, and Homeland Security requirements.

- The City does not employ a Computer Information Officer (CIO). In effect, the department has staff for old systems and new systems, but no one actually in charge of the information technology. Decisions regarding the direction in both hardware and software are made by other division and department directors. Currently, the City is evaluating the purchase of new software, without involvement of the IT department.

- Other divisions/departments purchase individual hardware and software for use, without consulting with IT. This results in incompatible systems and/or additional time and expense that is charged against the IT department budget (even additional hardware that may be required to install the unapproved purchases).

- The current environmentally controlled computer room lacks physical security, even allowing random access to a copy machine that should be placed elsewhere for employee use. Utility bills are printed and meter reader data is recorded within the same "secure" computer room.

- The City new employee training does not include sufficient training in the use of computers or the software in use. IT department time is consumed

> providing basic computer training and orientation.

- The City has software for an in-house intranet, but a decision was made to not implement the system.

- Paperless processing and archiving is pursued by the City, but more needs to be accomplished in both areas. The current software system is lacking in working within a paperless environment.

Management

The City management is built on a multi-level organizational chart. The Mayor and City Council act as the Board of Directors, and the Mayor and 11 Division Directors act as the Officers or Executive Committee. The Executive Committee is considered the "Management" of the City. Department Directors report to, and are under the supervision of the Division Directors. A current organizational chart is attached to this report in the exhibits. In summary, it appears as follows:

Mayor and City Council	Board of Directors
Mayor and Division Directors	Executive Board
Division Directors	Department Supervision
Department Directors	Direct the Department
City Functions	Provide Services

This organizational chart appears to provide a pyramid of information flow

percolating all the way up to the top from the City Functions and control over City function from the top down. In reality, each layer of management suppresses the free flow of information to the top. The Mayor and City Council are elected positions that change periodically. Division Directors are not elected, and stay in the supervisory position when administrations change. In the long term, City departments are supervised, controlled, and answer to the Division Directors. If this layer of middle management prefers the status quo, policies and procedures stand a good chance of remaining the same even with new administrations. Whether this arrangement is good or bad would depend upon the point of view of the individual. The viewpoint of the citizen might want policies and procedures to change based on the campaign promises and positions of the officials they voted for.

It should be noted the City Council assigns members of the Council to various departments and/or divisions, which does increase the flow of information and feedback to the elected officials. But this still doesn't change the fact the City employees ultimately answer to the Division and Department Directors that do not change with each administration.

The Controller's Office performs as an accounting function recording historical transactions rather than an oversight function. The budget is summarized using a format published by the Idaho Association of Cities and monitored monthly by the Controller's Office, but the Controller is in a reporting position rather than a supervisory position. The buck is recorded here, but it doesn't stop (controlled) here.

The accounting function is split between the Controller's Office and the Treasurer's Office resulting in multiple systems recording transactions up to three different times. This situation has more potential for recording errors, results in batch processing of data and delays financial information. Real time financial reporting does not exist and the financial reporting is always a month old.

City invested funds are under the custody and control of the Treasurer's Office. Not only custody, but the accounting, reconciliation, reporting, monitoring and reinvestment are all under the Treasurer's Office. This lack of oversight at the State level recently caused embarrassment and accusations of mismanagement directed at the State Treasurer.

Feasibility studies are contracted out to vendors when paid City staff have the ability to analyze decisions, such as whether to switch from manual garbage collection to automated trucks.

The City has a small internal audit function and relies a great deal on the annual financial audits performed by the external auditors. However, the annual external audit is performed to obtain a third party, independent opinion regarding whether the financial statements are presented fairly. It is not the duty of the external auditors to identify fraud, embezzlement or misuse within the City. If they discover it, they will report it to the Finance Committee, but it is not the primary function of the external auditors.

Employees working in asset sensitive areas, such as purchasing, accounts payable, payroll, cashiers, etc. are not required to take contiguous two week vacations. In some cases, taking two week vacations is discouraged because of the pressing workload. Required absences with other employee coverage is a basic, fundamental internal control.

The City has written employee policies and procedures. However, Division Directors have discretion on how the policies and procedures are enforced, which creates disparity between City divisions and departments, and in some cases confusion and resentment among employees. This situation can cause employees to feel it's who you know, or who you work for, is the source of rules and requirements. The policies and procedures are recorded in various places rather than in a cohesive, all-encompassing location.

Golf Courses

The City owns and operates three golf courses. Major operational changes have been made to make the courses profitable, including assuming control of the operations, raising fees, a new scheduling system, and bringing former contractors in as employees. However, the profit and loss from the golf courses do not include all the costs the City incurs. The administrative overhead incurred by the City in taking over the operations has not been allocated to the department. As a result, the reported breakeven or profit is a misleading figure.

Workers Compensation and Risk Management

The City has a self-funded workers compensation program in place. The cost of work place injuries and lifetime medical expenses are a major expense and are ever increasing. The highest claims come from the fire and sanitation departments. The City management has recognized the need and benefit of workplace training programs, but has failed to adequately implement the programs. Department resistance to the training programs have discouraged the implementation even though some training is available for free from insurance underwriters.

Budgeting

The current software does not have a user friendly budgeting system. The system in place is a combination of manual reports and excel spreadsheets that are distributed to the Division and then the Department levels beginning each year in April, and ending in September, resulting in no fewer than 23 City meetings.

Included in the budget are charges, or "fees" for services between City departments, such as building maintenance, accounting, information technology, equipment maintenance, property management, purchasing, etc. Some of these inter-department expenses are charged to departments by work orders, and some are allocated expenses by assigned ratios of cost. The assigned ratios of cost lack transparency to the Department Directors and to the administration.

Each year, the largest cost within the City goes up. The price of labor and benefits constantly rise, even in times of recession. In an effort to keep the property tax levy from increasing, the budget for equipment, supplies and maintenance continues to shrink as a percentage of the total budget. The number of City employees over the last ten years has changed as follows:

Division	Change	%
Legal	1	50.0%
Municipal services	(1)	-1.4%
Planning & building	2	14.3%
Human resources	1	7.1%
Police	10	8.5%
Fire	8	8.5%
Parks & recreation	6	10.0%
Pubic works	4	3.5%
Library	-	0.0%
Airport	(1)	-7.7%
Electric	6	10.2%
Total	36	6.3%

Overall the number of employees has grown 6.3% in ten years, which is not as much as would be expected given the metrics below. The cost of the employees has increased with inflation in wages and benefits.

Over the course of the last ten years, the following has occurred in the City:

Metric	Change	%
Population	5,741	11%
Police arrests	(164)	-4%
Traffic violations	(5,512)	-33%
Number of Police cars	5	5%
Fire dispatches	1,071	28%
Fires extinguished	64	29%
Fire inspections	(2,048)	-65%
Fire trucks	2	13%
Enplanements	34,352	29%
Flights per day	(5)	-31%
Cubic yards of refuse	86,217	40%
Daily power usage in kwh	203,855	12%
Streets (miles)	29	11%
Parks acreage	95	5%
Soccer fields	13	81%
Water mains (miles)	13	4%
Fire hydrants	217	12%
Wells	1	6%
Sewer lines (miles)	25	10%
Garbage trucks	3	18%
Electric distribution lines (miles)	73	22%
Street lights	534	13%
Traffic signals	8	19%

United States inflation from 2004 to 2013 was 23.3%. Nationally, medical insurance inflation has risen 41.8% during the same time period. However, a growing City cannot cut the number of employees to cover the increased costs of compensating employees.

Per capita personal income in the City has increased 37.3% since 2004 and total personal income within the City has increased 52.44%. The total taxable assessed value of real estate increased 50.5% .

The total City budget increased 40.83% from 2004 to 2013. The General Fund budget, which relies upon property taxes, has increased 26.4%. The City budget has not kept pace with City growth, City assessed valuation, or personal income growth.

Conclusions

Facilities

The current physical facilities are inadequate. Areas that require public access are not handicap accessible and rest room facilities are too few and in disrepair. Storage space is limited, disorganized; file space is limited, and not properly protected.

This committee believes a renovation and shift of office space is due. The current arrangement has evolved as necessary over time based on need rather than as part of a long term plan.

The Mayor, Treasurer, Municipal Services Director, and the Controller offices are normally visited by the public on an appointment basis. These appointments could be held in other locations, such as the council chambers which are handicapped accessible. Offices that do require public access should be handicapped accessible.

The entire City utilities function should be relocated to the Idaho Falls Power building. We believe sufficient space exists by removing the museum type display and meeting room in the reception area in the IF Power building. This move would create a one stop shop for City residents for all utility business: water, sewer, electric, and sanitation connects, reconnects, disconnects, all in the same place, as well as bill paying and collections. All handicap accessible. This move would also place the utility billing and collection software under the control and oversight of the more stringent Homeland Security requirements, closing a potential computer security weakness.

The City Clerk's office should be moved to the handicap accessible Annex building along with the creation of an Information Desk capable of either transacting any City business with the public, or directing individuals to the proper office. A phone information line should also be created to direct callers to the proper departments. The City Clerk file storage would also be moved and should be stored in a properly protected storage space. Currently, the City vault is not fire proof.

Moving the utility offices and the City Clerk office would free up space in the lower level, the main level Clerk's office, and the main level Treasurers office for other City offices that do not have daily direct interaction with the public, like the Controller or Attorney offices, or the Municipal and General Services directors. Additional rest room availability should also be a very high priority, including one on the main floor.

The old City Hall building is in need of an elevator for handicap access and mobility of aging employees. An addition to the North or West side of the building with connections to all the floors should be addressed or considered. A dumbwaiter on the North side for moving files, equipment, computers and other heavy items would help decrease workers compensation claims and injuries, but would not address the handicap issues.

With the number of buildings the City operates, there should be acceptable space for the storage, display, and inventory of excess property. Departments in need of

equipment, such as chairs, desks, floor mats, office machines, etc. do not have a central facility to locate items that may already be available, causing new purchases to be made when older functioning items might suffice.

These changes would solve some City problems, like storage space, protected storage, handicap access, and utility department efficiencies. The public would benefit from easier access, more organization, and better information. Relocating services will not create economic growth or create budget savings. In the long run, the relocation may increase capacity.

Civic Auditorium

The Civic Auditorium is a great City amenity. However, the City has provided the facility for the public benefit without promotion. This falls under the "build it and they will come" business plan. The City needs to lease the facility to an entity that will promote the use of the auditorium. The lease could potentially provide enough funds to establish a long term maintenance plan and could also bring additional entertainment to town.

Potential lessees might be the Auditorium District, the Idaho Falls Arts Council, or even a for profit entity in the business of promoting events. This lease may solve the continuing budget shortage from the auditorium and maybe provide current upgrades and repairs. The auditorium will not cause economic growth, but additional entertainment is a nice selling factor.

Information Technology

The computer department needs a department head to manage the direction, security, and controls over the entire computer department. A Chief Information Office (CIO) should be directing the services provided by the department, budgeting program development, advising the Council and other departments on software planning and purchases, and should have veto power over other department computer purchases and installation. All computer purchases (hardware and software) should be approved for compatibility with the existing or planned systems of the City.

A City wide Intranet should already be in place for in-City communications and information transfer. The City already owns the software and IT is ready to implement the system. An intranet system will improve the ability for the City to operate more efficiently and effectively. This system should be installed immediately.

Purchases of hardware and software should be included in the City Municipal Equipment Replacement Fund (MERF) and "depreciated" for planned future replacement. Computer systems become obsolete and require replacement on shorter time schedules than other tangible assets.

The IT department should not be expending time training other City employees on the basic operation of computers. Either Human Resources should require new hires to already have basic computer skills or implement a training program, or partner with EITC to ensure new hires are capable of basic operating knowledge.

A CIO would be an additional cost to the City, but the long term planning and savings from system integration, communication, and interconnectivity should offset the payroll cost. There may be small budget savings, but there should be savings in productivity, service to other departments, and improved system security.

Management Structure

The current management structure is a hybrid arrangement. It is not a Mayor system, or a City Manager system. It's a combination of both. We have an elected Mayor, but the City Division Directors act as managers. The new Mayor does not appoint the City Clerk, City Treasurer, or City Attorney as stated in Idaho Code 50-204. The City voters do not appoint or vote for the management of the City. It just keeps on going. Employing eleven City Division directors is an extra layer of management and is expensive. Some of the divisions/departments could be merged to reduce the number of division directors.

Division and department directors compensation should be determined under a system different than the general workforce. The management level employees should receive a reduced salary level (30% less for example) and then receive incentive pay for attaining annual goals and strict performance appraisals.

A new Mayor should be appointing the new management as provided for in the Idaho State Code. A decision should be made as to whether the City is Mayor centric, or a City Manager system. In either case, a new organizational chart should be designed to

reflect the governance intended under either system. A sample is attached in the Exhibit section of this report.

The Controller's office acts as a historical accounting department rather than the budget and oversight department that it should be. The internal audit of the Finance Committee is underutilized and the Risk Management Program needs forceful implementation. Proper internal accounting controls need to be implemented over the investing, reporting, recording, and reconciliation of City funds. The Internal Audit function should report to the City Attorney's office.

City employee policies and procedures need to be updated and consolidated. These should be all in one place and not subject to Division and/or department discretion. All City employees should be governed by the same rules, except for those under union contract (but only out of necessity).

The City should have an employee "suggestion box" and a fraud hotline. The City employees can be a valuable resource for improving operations if provided the chance. A fraud hotline allows anonymous reporting.

Making these management changes will provide for new ideas, help solve City problems, and may increase capacity and budget savings.

Staffing

The CRC – Municipal Services Committee found all the employees of the City we worked with in this review to be sincerely committed to the efficient operation and mission of the City. Everyone was helpful, insightful, and truly interested in the CRC process. The members of our committee have all concluded the City employees are working hard for the citizens of Idaho Falls.

However, in the areas we reviewed this year, staffing has not kept up with City growth. While it is admirable to keep the City budget low, proper maintenance will cost more in the long run if the facilities are not currently maintained. Additional staff, or reallocated work assignments, is needed in the building maintenance and controller's office as a result of growing work load.

Employees in sensitive positions should be required to take two week vacations and have the positions filled while they are gone (a basic internal control). All City employees should be following the same policies and procedures throughout the City. Preferences created by Division Directors using "discretion" should not be allowed.

A work order system for IT should reduce unnecessary or low priority calls from other departments, but will require a basic training program through human resources or possible training from EITC.

The workers compensation claims for the City is a major cost. The self-funding of

the workers compensation has saved expense, but a proper risk management training program could provide additional savings. City departments should be required to implement training programs with possible financial incentives for achieving savings. The fire and sanitation departments should be the first to participate.

Some CRC members have the opinion the City should utilize the services of more contract services rather than employee staffing, while other members felt contractors would lead to another level of management and less "pride of ownership" in work product.

In some instances, the City has employed interns for various duties. The CRC believes this should be expanded upon.

The additional staffing and vacation coverage will not create budget savings or spur economic growth, but they might increase capacity, prevent future problems, and may save larger future costs.

Facility Maintenance

A prioritized written facility maintenance program needs to be placed in service. Each facility should receive required annual maintenance, as well as a long term plan. The budget should allow for the current and deferred maintenance, and items not funded should automatically role forward for consideration in the next budget.

Current maintenance should include cleaning, HVAC maintenance including filters, plumbing and electrical inspections, etc. Long term planning should include roof replacement, interior and exterior painting, energy efficiency programs, handicap access, expansion, and City growth.

This committee strongly believes current maintenance costs are less than future major repairs. Having a plan in place should create long term budget savings and reduce future problems. Additional contracting with local firms may reduce the cost of purchasing specialized equipment and may be necessary for certain expertise.

Work Order Systems

The equipment shop work order system charges other City departments for both time and material. The building maintenance department only charges for materials (not labor), and the IT department doesn't charge for either. The argument for not charging other departments seems to be "it just comes out of a different pocket". Allocating the costs to the proper department has several benefits:

- Each department will need to budget for the complete costs of the department, forcing department managers to also control these interdepartmental costs.

- Requiring each department to account for the interdepartmental expenses will reduce frivolous calls and unnecessary work.

- Requiring other departments to also account for hardware and software

costs for unplanned upgrades will force pre-planning and consultations with IT.

- A fully implemented work order system will increase transparency to the other departments regarding the costs charged against each department.

A work order system for IT will cause additional overhead to administer, but the systems already exist within the City. Building maintenance already uses a work order system so no additional cost would be incurred. It may solve interdepartmental transparency issues and reduce work requests, which are both existing problems, but it will not cause economic growth or increase capacity.

Inter-department or Inter-Fund Transfers

The current system of charging departments for services, such as accounting, information technology, building maintenance, etc. applies two methods: one is based on estimated consumption of services, and the other is based on a fixed percentage allocation.

The fixed allocation percentage method is not transparent to the department managers. It is arbitrary and may not have any bearing on the actual expense incurred. A single method based on measureable allocations should be applied in order to determine true department cost, such as the golf courses which are not being charged overhead expense at all.

City Budget

This committee would like to report many suggestions for reducing the budget and savings taxes, but in most every area we looked, decreasing funds for operations has been a problem.

The City is allowed to increase taxes by 3% every year. But the City has not increased the budget and has continued to try to do more with less. The City grows in population and services provided each year (legal department and golf course employees). Inflation adds to the costs each year. Just like a household budget, if the household food costs continue to increase but the overall income remains the same, other costs are ignored or reduced. As the City wages and employee benefits continue to increase, the equipment and maintenance portions of the budget shrink. This shrinkage, under-funds the required maintenance and upkeep of City property.

By not increasing the property tax in prior years, the City has deferred problems to future administrations and the next generation of voters. Presently a fully responsible budget and tax levy will solve some of the City problems, increase capacity, and while it may not create economic growth, it will not prevent it.

Executive Summary of Recommendations by Department

Overall

1. City offices that deal with the general public on a daily basis need to be made handicap accessible.

2. Additional remodeled rest room facilities in the City Hall building are needed.

3. The current organizational chart should be restructured to remove or reduce the Division Director levels of management. Restructuring the Division/Department management and compensation plan would improve information flow to the mayor and City Council, hold management accountable to voters, and reduce costs.

4. A City-wide risk management program needs to be implemented with management incentives to control costs (workers compensation).

5. A City employee suggestion box and fraud hotline should be installed.

6. The City budget has not kept up with City and population growth. Additional tax revenue and other possible sources of income need to be made available.

7. Employees in sensitive positions should be required to take contiguous two week vacations with substitute employees while they are gone.

8. All City employees should be subject to the same employment policies and procedures without division or department director discretion. The policies and procedures need to be consolidated and kept in a single source for reference, such as on the City Intranet.

9. The inter-department fund transfer and overhead cost allocation needs to be

updated and based on a transparent, objective allocation of costs between departments.

Data Processing or Information Technology

10. The utility billing function should be moved to the utility department for oversight by Homeland Security requirements.

11. The city-wide intranet needs to be implemented.

12. A Chief Information Officer needs to be assigned or hired.

13. A work order system needs to be implemented to charge all City departments for IT services (hardware, software and labor).

14. A provision for software replacement needs to be included in the MERF.

General Services

15. Property Management needs a central storage area for inventory and management of excess property.

16. A written long term maintenance plan needs to be implemented for all the City buildings.

17. Building Maintenance should charge other departments for labor as well as parts.

18. Additional staff is needed in Building Maintenance to keep up with necessary repairs.

19. The Civic Auditorium needs to be leased to an entity the can promote the use of the facility.

Treasurer

20. The utility billing, receipt, and collection should be moved to the utility department both physically and organizationally.

21. The City investment program needs to be under the oversight of the Finance Committee and be subject to the internal audit function. This should also include the selling of energy credits and power purchases (hedging).

Finance

22. The Controller's Office should be in a position to report real time on the financial condition of the City, and actually control the budget rather than record historical transactions.

23. The internal control audit function needs to be expanded and share reporting under direction of the City attorney.

City Clerk

24. Should be moved to a handicap accessible location.

25. Should have a public information help desk and phone line.

26. Should have fire proof storage and additional storage for certain records.

Other Departments

27. All City utility functions should be combined under one department: Electric, water, sewer and sanitation.

28. Human Resources should require basic computer skills or implement a

training program for new hires.

29. The Golf Courses need to be allocated costs for overhead expense and water.

Sources of Information

Presentations from Municipal Services Division Director Craig Rockwood.

Presentations from Municipal Services Division Department Directors:

City Clerk – Rose Anderson

Finance – Thane Sparks

General Services – Chandra Witt

Information Technology/Data Processing – Terry Dawson

Treasurer – Provided by Craig Rockwood

Interviews and or introductions to city employees working under the direction of the Department Directors were also conducted:

Accounts Payable – Dahl Brower and Karen Smith

Building Maintenance – Brad Jordan

Civic Auditorium – Ed Morgan

Deputy Treasurer – Kris Davis

Equipment Maintenance – Dave Nelson

FERC Accounting – Barb Sanderson

Finance Admin – Lynda Ulschmid

Information Technology – Joseph Nilsson, Derrick Wood, Brad Perkins

Payroll – Ruby Taylor

Property Management – Terry Thompson

Purchasing – Heidi Carlson

Risk Management/Internal Audit – Mark Hagedorn

Utility Billing – Ruth Ann Green

Utility Credit – Lori Holverson

Utility Customer Service – Jason Randall

As well as discussions with the users of city services.

Documents provided:

Division Directors Presentations to the Committee

City Of Idaho Falls Annual Audited Financial Report September 31, 2013

Exhibits

Exhibits

CITIZENS OF IDAHO FALLS

CITY — **Mayor** — **COUNCIL**

Information Technology

Building Maintenance

Equipment Maintenance

Property Management

Human Resources

Purchasing

Planning and Zoning
- Planning
- Zoning
- Building Inspection
  - Plan Checking
  - Plumbing
  - Electrical
  - Building
  - Heating
  - M.C.S.

Mayor's Office

City Clerk

Municipal Services

Legal

Internal Audit Risk Management

Advisory Boards

Public Services

Treasurer Comptroller
- Budget
- Payroll
- Accounts Payable
- Accounts Receivable

Public Safety
- Fire
  - EMS
  - Fire Prevention
  - Mechanical Maintenance
  - Fire Suppression
- Police
  - Detectives
  - Services
    - Communication
    - Records
  - Uniforms
    - Traffic
    - Animal Control
    - Patrol

Public Works
- GIS
- Streets
- Engineering
  - Construction Inspection
  - Signing & Striping
  - Design
  - Survey

Parks & Recreation
- Zoo
- Parks
- Recreation
- Cemetery
- Golf Courses
- Auditorium

Airport

Library

Utilities
- Customer Service Connect/Disconnect Billing, Collections
- Sewer
  - Collection
  - Treatment
- Water
  - Supply
  - Distribution
- Sanitation
- Power
  - Engineering
  - Generation
    - Operations
    - Mechanical Maintenance
    - Electric Constr. & Maintenance
  - Distribution
    - Line Construction
    - Trouble Shooting
  - Signalization
    - Installation
    - Maintenance

CITY OF IDAHO FALLS ORGANIZATION

PLANNING COMMISSION

BOARD OF ADJUSTMENTS

CIVIL SERVICE COMMISSION

OTHER COMMISSIONS & COMMITTEES AS NEEDED

LIBRARY BOARD

ELECTORATE

MAYOR & COUNCIL

MAYOR

LEGAL
- CUSTOMER SERVICE
- GENERATION
  - OPERATIONS
  - MECHANICAL MAINTENANCE
  - ELEC CONST & MAINTENANCE
- SIGNALIZATION
- ENGINEERING
  - INSTALLATION
  - MAINTENANCE
- DISTRIBUTION
  - LINE CONSTRUCTION
  - TROUBLE SHOOTING

IDAHO FALLS POWER

PARKS AND RECREATION
- ZOO
- PARKS
- RECREATION
- CEMETERY
- GOLF COURSE

PLANNING AND ZONING
- BUILDING INSPECTION
  - PLAN CHECKING
  - PLUMBING
  - ELECTRICAL
  - BUILDING
  - HEATING
  - M C S
- PLANNING
- ZONING ADMINISTRATION

LIBRARY

MUNICIPAL SERVICES
- DATA PROCESSING
- GENERAL SERVICES
  - CIVIC AUDITORIUM
  - PURCHASING
  - EQUIPMENT MANAGEMENT
  - PROPERTY MANAGEMENT
  - BUILDING MAINTENANCE
- TREASURER
  - UTILITY SERVICE
  - UTILITY ACCOUNTS
  - DELINQUENT ACCOUNTS
  - PAYROLL
- FINANCE
  - BUDGET & ACCOUNTING
  - ACCOUNTS PAYABLE
- CITY CLERK

AIRPORT

PUBLIC WORKS
- GIS
- SEWER
  - COLLECTION
  - TREATMENT
- STREETS
- SANITATION
- WATER
  - SUPPLY
  - DISTRIBUTION
- ENGINEERING
  - CONSTRUCTION INSPECTION
  - SIGNING & STRIPING
  - DESIGN
  - SURVEY
  - TRAFFIC

FIRE
- FIRE PREVENTION
- E M S
- MECHANICAL MAINTENANCE
- FIRE SUPPRESSION

POLICE
- UNIFORM
  - PATROL
  - ANIMAL CONTROL
- DETECTIVE
- SERVICES
  - COMMUNICATIONS
  - RECORDS

HUMAN RESOURCES