

Tennessee Municipal Benchmarking Project FY2008 Annual Report

May 2009

This report marks the seventh year of the Tennessee Municipal Benchmarking Project (TMBP) and covers the fiscal year July 1, 2007 through June 30, 2008. Thirteen cities participated in the development of the report covering four service areas. The project has traditionally reported on specific measures and cost data for Police, Fire, and Solid Waste collection while for this year, an initial survey of benefits employees and retirees was also included.

Participating cities range in population from 13,334 to 155,554 with a wide variety of service levels and practices, particularly in solid waste collection and disposal. The average responses have fluctuated with the number and specifics of participating cities each year. In general, average police and fire costs have increased just over 8% and 9.75% per year, respectively. Personnel costs including salaries and benefits comprise the largest type of expenditures. Solid Waste collection and disposal costs have decreased by nearly 27.5% over the same period. There are numerous distinctions between individual cities and caution must be exercised in drawing conclusions from the data given the unique nature and expectations of each community. There is not enough data yet to find statistically significant correlations but the data allows us to observe trends over time and possibly identify opportunities for improvements in outcomes.

POLICE

The average police staffing per 1000 population in the participating cities has varied between 2.14 Full-Time Equivalents (FTEs) to 2.81 and is currently 2.30. Similarly, service demand per 1000 population as defined by calls for service and the subset of TIBRS A crimes reported per 1000 population, have stayed within a fairly narrow band, 110 and 120, with a significant drop in FY2005 and FY2006 to approximately 90 calls per unit of population. Interestingly, the percentage of total accidents that involved injuries was also within a small band, 12-15%, except for FY2004 and FY2005 which showed spikes of 20% and 30%, respectively.

The larger number of participating cities this year also allowed for more comparison of overtime usage in the departments, reflecting differences in operating procedures and demands on departments. The majority of departments utilize overtime at about 6% of total salaries and wages. However, two cities use overtime at approximately 2% of salaries and wages, while two others operate between 12% and 13%. Size of population, population density, crime types, extent of special events, and other factors could easily affect these statistics.

The cost per call for police services evidenced a large increase in FY2005 and a smaller increase in FY2006 and has since returned to less than \$150 each. As further data is collected, correlative analysis will be conducted to assist departments in further using the information.

FIRE

Fire staffing ratios have fluctuated between two and four FTEs per 1000 population over the past seven years without an easily identified trend. In contrast, total calls for service have remained fairly constant between 65 and 80 per 1000 population. Service demand has also remained fairly constant with total calls and fire inspections per unit of population both evidencing constancy. While a statistical correlation was not demonstrated between the number of inspections and the number of structure fires per 1000 population, the rate of inspections varied more than structure fires and both reflected a marginal downward trend in the past two years. Overall, cost per call for service dropped significantly in FY2008 after several years of small, steady growth.

Similar to the police personnel statistics, the overtime to salary ratio fluctuated greatly amongst the participating cities. The range was from just under .5% to over 4%, indicating a diverse population mix and demand structures facing the individual departments. Benefits to salary comparison also behaved similarly to police with little variance; most participants hovered about the average with benefits costing approximately 40% of direct compensation.

Interestingly, when entry level firefighter salaries were compared, most of the responding cities reported at or just above the average reported as part of the International City/County Management Association (ICMA) South-East Central Region 2007 survey. This would indicate that compensation in our participating cities is relatively competitive with our market region.

A frequent measure applied to internal evaluation of fire service performance is the response time required to answer calls. Unfortunately, this particular measure is often not consistently applied in terms of comparable data although it does provide a good beginning for analysis. However, it was notable that nearly all the respondents were within a one minute band of response times as reported and well within the recommended 6:00 minutes. Another measure of interest has been the marked decline in the percentage of fires for which a cause has been determined. This would indicate perhaps differences in the nature of fires being committed.

SOLID WASTE

Sanitation and recycling efforts vary greatly across the country and the benchmarking responses. Total household waste disposal and collection costs per capita dropped in FY2008 after steady but small growth for two years. The average cost per ton of all household waste including recyclables has decreased steadily and is now nearly one-third of the average in FY2004. The FY2008 cost per ton of total household waste varied dramatically across the participating cities depending on method and frequency of collection, internal or contracted service, and the cost per ton for disposal.

The number of tons of recyclables, brush, and bulky items grew over the past three years while total refuse collected has also grown over time. The average total tons of household waste per 1000 population including recycling have grown steadily with diversion efforts making a larger portion each year. While there is not a strong statistical correlation, the similar behavior over time between the amount of recycling material diverted from Class 1 and 2 landfills and the

number of collection points per 1000 population lends support to broader involvement being a factor in total diversion.

BENEFITS

Eleven agencies provided additional information on their benefits packages offered to employees and retirees. Total cost per FTE including both salary and benefits, ranged between \$45,000 and \$75,000 with several cities reporting nearly identical statistics for both General Fund and city-wide FTEs. This may reflect a difference in allocations for General Fund employees. Similarly, the percentage cost of benefits compared to salaries averaged just over 40% with all but one community reporting very similar rates for both General Fund and city-wide employees.

All eleven agencies provide healthcare coverage to full-time employees while nine require some form of employee contribution to the premium for that coverage. Nine communities provide dental coverage and five provide some type of vision coverage. One agency offers payment to a Health Retirement Account for those employees who do not sign up for coverage. Five cities provide short-term disability coverage while eight provide long-term disability insurance.

Vacation leave times varied greatly with the average entry-level vacation accrual is 109.46 hours per year. Sick leave of 96 hours per year is the most common policy. All eleven cities do not offer personal or administrative leave time. Compensatory time pay-out varies significantly with four cities paying out to all employees, four to only non-exempt employees, and three do not pay out upon termination.

Additional compensation also differed by both type and community. Uniform allowances of some type are provided by all eleven agencies with two providing direct replacement from the city budget. Tuition reimbursement is paid for by four cities, while others pay for required training only. Shift premiums are paid by four cities and on-call pay is included for six respondents. Longevity is paid by seven communities and six cities provide take-home vehicles for at least police personnel.

Retirees are also provided healthcare coverage by ten agencies with some restrictions on length of service and other factors. Agencies contribute between 25% and 100% of the retiree coverage. Family healthcare coverage for retirees is provided by ten communities. All cities provide a defined benefit plan while five also offer a defined contribution program. Employees do not contribute to pension costs in nine communities and six agencies require five year's service for vesting, one requires 10 years, and four require at least 20 years of service.

CONCLUSION

Benchmarking is a critical part of performance measurement as it provides comparative data by which to analyze trends and situational conditions. Multi-community benchmarking provides the broadest scope of data and many opportunities for best practices to be explored for applicability to individual communities. The thirteen participants in FY2008 have invested

tremendous effort in measuring and managing their service performances and are to be commended for being on the forefront of quality municipal administration. Detailed analysis is provided in the full report, available through the University of Tennessee Municipal Technical Advisory Service.