

CITY OF CENTERVILLE, TENNESSEE

ANALYSIS OF THE NEED FOR A CITY ADMINISTRATOR

I. Introduction.

There are 350 cities in Tennessee. Forty-seven cities that are under 4,000 population have designated professional management. There are very small cities with city managers. Parker's Crossroads, for example, with a population of only 242, has a city manager. Memphis with over 667,000 people has a chief of staff in addition to its Mayor. It is probably not possible to determine whether Centerville needs a city administrator based on the number of other Tennessee cities that have or do not have a city administrator. The need for a city administrator can perhaps best be seen by looking at problems that are frequently found in cities that do not have professional management as well as the size and complexity of cities.

II. Problems Frequently Found in Cities without Professional Management. These are problems that MTAS frequently see in cities, larger and smaller than Centerville, that do not have professional management:

- C Cities frequently lose from \$300,000 to \$400,000 annually to neighboring local governments in local sales taxes that are being erroneously distributed by the Tennessee Department of Revenue. In one city \$350,000 was being lost annually, and the city could only recover lost revenue for the most recent 12 months. In another city \$332,000 in lost sales taxes were going to neighboring jurisdictions. In both cities this situation had been going on for years and represented a financial drain of millions of dollars.

- C Sometimes MTAS doesn't see city boards getting accurate information on which to base decisions. MTAS has seen small cities being advised that they need to build another fire station, hire additional personnel, and purchase additional equipment in order to maintain the city's ISO rating. Cities without a manager are often not told that purchasing a combination ladder-pumper truck extends fire protection coverage from a 1.5 mile radius to 2.5 miles. For a city to receive the maximum points on an ISO classification, it must provide fire protection to 90% of its population. A city can spend \$340,000 in a one time capital purchase and maintain 90% coverage, or it can buy land for \$100,000; construct an additional fire station for \$300,000; purchase a pumper truck for \$280,000; and spend \$210,000 for six additional firemen and fringe benefits that represents an annual expenditure that is likely to increase every year to provide the same coverage. In other words a city can spend \$550,000 more to accomplish the same objective and many cities do it without thinking seriously about the added cost.

- C MTAS doesn't usually find viable employee safety programs that work effectively to reduce the cost of very expensive workers' compensation claims. In most small cities, the insurance carrier tells the city how much the expense is, and the city then determines how it is going to pay the added cost. Professional management can save thousands of dollars in this area alone.
- C It is not uncommon to see cities paying \$.94/\$1,000 for group life insurance that can be purchased for less than half that amount. Some cities purchase police cars on a regular basis, if they like the police chief, and they sometimes make expensive repairs that cost more than the vehicle is worth.
- C Frequently MTAS sees cities where personnel procedures and practices expose the city to serious liability problems. It is not uncommon to find personnel records scattered in various departments with un-trained city employees distributing confidential personnel information in violation of Federal laws. Some cities have paid damages for such practices.
- C Cities without professional management rarely are effective in maximizing the use of Federal and State funds to deal with city problems.
- C MTAS has seen instances in which cities have spent significant amounts of money for debt issuance without even realizing it. One Middle Tennessee city recently spent \$200,000 in issuance cost to finance a capital obligation that could have been issued through the TML Bond fund for \$40,000. That is a difference of \$160,000 and when financed the issuance cost is more than \$320,000.
- C MTAS has seen cities spend as much as \$100 per ton just to collect the resident's garbage.

There are other examples of problems common to cities without professional management. And what is really amazing is that many of the cities with problems similar to the issues described above say they cannot afford to pay a city administrator. If a city pays a city administrator \$50,000 annually, how many of these kind of problems would the administrator need to correct in order to pay his salary. The truth is that a city manager will save a city money rather than costing the city money, even if the city pays the administrator a decent salary. Some city administrators make a deal with the city that if they do not save them money within 12 months, their resignation will be forthcoming. One city administrator recovered \$332,000 in local sales taxes that were erroneously distributed to other jurisdictions and added that much every year to city coffers. This city also had an industrial building that was constructed in the 1930's and was costing the city \$250,000 to \$500,000 annually in repairs. Roof replacement, correcting OSHA violations, new elevators, etc. It was a real drain on the city, and the administrator was able to locate a cut and sew operation in it and sell the building to a private individual who granted a long term lease to the manufacturer. Would you say that this city couldn't afford to pay the city administrator \$60,000 plus \$24,000 in fringe benefits? These are the kinds of things that cities deal with every day that need full-time attention.

III. Size and Complexity. Cities comparable to the size of Centerville with professional management have a property tax rate that is on the average \$.10 less than the same size cities without professional management.

The City of Centerville with its \$9 million budget and 52 full-time employees is one of the larger businesses in Centerville. In fact the city can review listings of businesses of even half this size, and will not likely find one that doesn't have professional management. Centerville's form of government served the city well when Tennessee was primarily a rural agricultural State. Today the city deals with issues that weren't even heard of 50 or 100 years ago. Centerville's form of government is outmoded. It needs to be updated to deal with issues such as growth and development impact and development fees, employee safety, insurance liability, health, dental, and life, worker's compensation, emergency services, finance, recreation, animal control, sexual harassment, and utilities and other urban services. Centerville can get by without an administrator. Many cities do, but they generally waste money they don't even know they are wasting, and they are not operated as efficiently and effectively as they should.

The City of Centerville is growing at a rate of 2.7% annually, which is pretty good growth, and that rate is likely to increase dramatically. The city needs full-time professional management to deal with the changes that are coming. The city board can respond to this by raising taxes and fees and doing the best it can with it. Centerville's rate of growth could easily increase to from four to 10 percent per year. The city can have control over the rate of growth through impact or development fees but needs a city administrator to give this full-time attention. The city would not want to levy an impact fee and then have to pay it back, as Columbia did.

Coordination is a staffing arrangement. It is rarely ever achieved effectively through board representation alone. The eight or nine city departments need a professional manager to coordinate their activities with one another. Coordination is not automatic and does not take place without proper organization and effort. Why is it necessary to coordinate city departments? It is true that they do different things. It is also true that they often perform many of the same kinds of activities, and they depend on one another for support and information. Both police and fire are dependent on dispatch communications. Fire equipment is commonly dispatched to automobile accidents. The recreation department mows grass and so does the street or public works department. All departments are required to comply with safety rules and notify and train employees concerning the presence and effect of hazardous materials. Avoiding employee injuries is common to most departments. It is important for the public works department to know that the finance department will be paying a large bond payment in two or three months and that a paving project must be delayed. It may be that cash reserves are tight because property taxes are received later in the year. It may well be that streets are closed, and the police and fire departments should be made aware of the closure. The water department may shut down the distribution system for four hours to repair pumps. An administrator can improve coordination through regular and special staff meetings and other forms of communication.

A City Administrator will give the Board better control over the administration of policies, because accountability is more centralized.

The use of work sessions rather than individual committees allow all board members to be more directly involved in finance, safety, streets and sanitation. The administrative structure of a city administrator form of government allows all Board members equal involvement.

A City Administrator provides a central contact point for the citizen in resolving complaints.

The City Attorney's role and cost is minimized with a City Administrator. Many small cities that say they cannot afford a city administrator often pay a city attorney \$80 to \$100 per hour to handle many problems that could easily be handled by a city administrator making considerably less in salary.

A City Administrator provides for more effective use of State and Federal grants in providing and paying for city services. A full-time professional manager who has the time to attend meetings and interact frequently with other agencies is more likely to be knowledgeable about the availability of State and Federal grant programs.

It should be clear that the City of Centerville should hire a city administrator to manage the everyday operation of city government. Even though a city administrator's salary would be an addition to the budget, it is very likely that revenues will increase or expenses will be saved that will more than pay for this added cost. Some professional administrators offer to work for no salary and only receive a percent of monies saved. A good administrator will save the city money.

IV. Recommendation.

- C **The city board should enact an ordinance authorizing the employment of a city administrator** who would have the authority to supervise all city departments and employees and make recommendations to the Board on issues and problems that may affect the city.
- C **The City Administrator should be given the right to hire and fire city employees.** His actions concerning employee actions would be under the general supervision of the city board which would still have the authority to hold the city administrator accountable for fairness in personnel administration. Some cities are reluctant to grant such authority, even though it usually means that a city administrator will hire better qualified employees and be more effective in supervising and coordinating city services. The city administrator should be evaluated periodically to assess leadership, effectiveness in communication with the board, effectiveness in keeping the board informed about city issues and problems, effectiveness in working with department heads and other city employees and boards and commissions, ability to deal with the general public, and effectiveness in carrying out the board's policies.
- C **Qualifications for a city administrator should be established such that the city can employ a professional administrator who can really help the city.** A higher salary for the right administrator

might represent a savings over the long term.

C **The city board should, prior to employing the city administrator, determine specifically what it wants the administrator to do.** The board should concentrate on goals for the city and not concern itself with refereeing squabbles in the police or fire departments. In other words the board should determine what needs to be done and require the City Administrator to determine how the goals are to be implemented. The board would exercise general supervision over implementation.

C **The city board should, if it is not already conducting such meetings, utilize a monthly work session a committee of the whole.** Every board member would then serve on the same committee. Problems and issues would be worked out at work sessions before being formally voted on at city board meetings.

MTAS believes that **implementation of these recommendations will focus board attention on broad policies, improve decision making by providing updated and accurate information to the board, and improve the efficiency of city government administration.**

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January 30, 2001

APPENDIX A

SALARY

POPULATION GROUP V (2,000-3,999)

<u>City</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Population</u>
Algood	\$33,612	\$33,612	2,868
Belle Meade	\$43,189	\$56,668	2,839
Clifton	\$35,200	\$35,200	2,763
Kingston Springs	\$33,530	\$33,530	2,694
Smithville	\$38,480	\$38,480	3,853
Waynesboro	\$37,080	\$39,095	2,371
Average	\$36,848	\$39,095	

POPULATION GROUP IV (4,000-7,999)

<u>City</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Population</u>
Fairview	\$35,000	\$57,500	4,886
Fayetteville	\$49,712	\$66,612	7,349
Forest Hills	\$42,000	\$44,800	4,231
Hohenwald	\$51,792	\$51,792	4,113
Millersville	\$40,000	\$40,000	5,118
Mount Pleasant	\$52,590	\$52,590	4,278
Sparta	\$49,743	\$64,666	4,681
Winchester	\$45,140	\$45,140	6,687

Source: MTAS Salary Survey, 1999.

CITIES UNDER 4,000 POPULATION WITH PROFESSIONAL MANAGEMENT

<u>City</u>	<u>Population</u>	<u>Position</u>
<u>ii</u> Algood	2,868	City Manager (CM)
Ashland City	3,330	CA

Baneberry		325	CM
Bell Meade	2,839		CM
Town of Brighton	1,627		CM
Byrdstown	998		CA
Calhoun	552		CM
Carthage	2,476		F.T. Mayor
Chapel Hill	1,003		CM
Charleston	653		CM
Clifton	2,763	CM	
Collinwood	1,014		CM
Cornersville	880		CM
Cross Plains	1,403		CM
Dandridge	2,012		CA
Dover	1,341		CA (conferred all authority of CM)
Ethridge	565		CM
Etowah	3,815	CM (home rule)	
Gatlinburg	3,417		CM
Jonesborough	3,513		CA
Kingston Springs	2,694		CM
Lakeside	1,551		CM
Lakewood	2,009		CM
Loretto	1,667	CM	
Madisonville	3,880		CA
Maynardville	1,596		CM
Middleton	611		CA
Moscow	472		CA
Mountain City	2,278	CM	
Norris	1,303		CM
Oliver Springs	3,433	CA	
Orlinda	521	CM	
Parker=s Crossroads	242		CM
Pittman Center	478	CM	
Ramer	337		CM
Rockford	721		CM
Smithville	3,853		Treasurer (designated CEO)
South Fulton	2,688		CM
Spring City	2,199		CM
St. Joseph	845		CM
Tazwell	2,150	CA	
Tennessee Ridge	1,271		CMiiiiiiii
Trimble	766	CM	
Watauga	389		CM
Waynesboro	2,371		CM

Whitwell	1,622	CM (home rule)
Williston	427	CM

Source: MTAS City Officials Directory, 2000.