

TOWN OF SPENCER

THE NEED FOR A CITY ADMINISTRATOR

I. Introduction.

There are 348 cities in Tennessee. Forty-seven cities that are under 4,000 population have a designated city administrator or manager. There are very small cities with city managers [The term city manager will be used in reference to both an administrator or manager, unless specified otherwise]. Parker's Crossroads, for example, with a population of only 242, has a part-time city manager. The City of Memphis with over 667,000 people has a chief of staff in addition to its Mayor. It is probably not possible to determine whether the Town of Spencer needs a city administrator based on the number of other Tennessee cities that have or do not have an administrator. MTAS believes that perhaps the best way to analyze the need for a city administrator is to look at problems that are frequently found in cities that do not have professional management.

II. Problems Frequently Found in Cities without a City Administrator.

These are problems that MTAS frequently sees in cities, larger and smaller than Spencer, that do not have a city administrator.

- Cities frequently lose considerable funds annually to neighboring local governments in local sales taxes that are 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 several years and represented a financial drain of millions of dollars. The City of Nashville recovered over \$1 million in misallocated sales taxes last year alone.
- Often MTAS observes city boards not getting accurate information necessary for making informed decisions.

- MTAS doesn't usually find viable employee safety programs that work effectively to reduce the cost of very expensive worker's 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 often save thousands of dollars in this area alone.
- It is not uncommon to see cities paying \$.95/\$1,000 for group life insurance coverage 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 or equipment is worth.
- 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 untrained city employees distributing confidential personnel information in violation of Federal laws. Some cities have paid damages for such practices.
- Cities without a city administrator rarely are effective in maximizing the use of Federal and State funds to deal with city problems.
- 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 an 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.
- MTAS regularly sees cities spending as much as \$100 per ton just to collect the resident's garbage.

There are other examples of problems common to cities that do not have a city administrator. And what is really amazing is that many of these cities with problems similar to the issues described above say they cannot afford to pay a city administrator. A city could take the savings created by avoiding expensive debt issuance cost and pay the salary and benefits of a full time city administrator. The truth is that a city administrator will save a city money rather than costing the city money, even if the city pays the

administrator a decent salary. One city administrator in East Tennessee 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 \$350,000 annually in repairs—roof replacement, 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 could not afford to pay the city administrator? These are the kinds of things that cities with every day that need full time professional attention.

III. Size and Complexity.

Cities comparable to the size of Spencer with professional management have a property tax that is on the average \$.10 less than the same size cities without professional administration. MTAS fully understands that there are 101 cities in Tennessee that do not have a property tax. Many of these cities are not full service cities and some provide little, if any, municipal services. Our comparison of property tax rates was for full service cities.

The Town of Spencer is one of the larger businesses in Van Buren County. A review of listings of businesses much smaller than the city will not likely find one that doesn't have professional management. The Town of Spencer's form of government served it well when Tennessee was primarily a rural agricultural state. Today the town deals with issues that were not even heard of 50 to 100 years ago. The Town of Spencer's form of government is outmoded. It needs to be updated to deal with issues such as growth and development—employee safety, insurance, emergency services, finance, recreation, animal control, and utilities and other urban services. Spencer can get by without an administrator. Many cities do, but they generally waste money they do not even know they are wasting, and they are not operated as efficiently and effectively as they should.

Coordination is a staffing arrangement. It is rarely ever achieved through board representation alone. The town's departments need a professional administrator 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 kinds of activities, and they depend on one another for support and information. Police and fire are dependent on dispatch communications. Fire equipment is commonly dispatched to automobile accidents. Recreation departments mow 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 public works 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 in advance. 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 \$100 per hour to handle administrative 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 administrator who has the time to attend meetings and interact frequently

with other agencies is more likely to be knowledgeable about the availability of federal and state grant programs.

It should be clear that the Town of Spencer 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.

IV. Recommendations:

- **The Board should enact an ordinance authorizing the employment of a city administrator** who would have the authority to supervise all town departments and employees and make recommendations to the Board on issues and problems that may affect the town.
- **The city administrator should be given the right to hire and fire city employees.** His/her actions on personnel matters would be under the general supervision of the 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 Board policies.
- **Qualifications for a city administrator should be established such that the town can employ a professional administrator who can really help.** A higher salary for the right administrator might represent a saving over the long term.
- **The 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 town and not concern itself with refereeing squabbles among departments. In other words, the board should

determine what needs to be done and require the city administrator to determine “how” the goals may be implemented. The Board would exercise general supervision over implementation.

- **The Board should, if it is not already conducting such meetings, utilize a monthly work session as 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. Committee meetings originated in large organizations where it was impractical for 100 to 200 members to meet together and work out problems. A smaller number was more practical. The number of aldermen serving on most city boards is so small that committee meetings are unnecessary.

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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