

May 26, 2009

The Honorable Board of Mayor and Aldermen  
City of Spring Hill  
199 Town Center Parkway  
Spring Hill, Tennessee 37174

Dear Board of Mayor and Aldermen

MTAS management consultants recommend that cities employ professional managers/administrators with municipal experience. We probably do not do as good job as we should in telling local governments why they should employ managers/administrators with municipal experience. The purpose of this letter is to make you more aware of some of the issues that you may need to consider as you make your decision in hiring a city administrator.

College programs prepare graduates with courses in human relations, finance and accounting, public policy, business policy and central management, government and politics, statistical methods, economic theory, the allocation of economic resources, corporation finance and many other beneficial courses. Many graduates continue their preparation by completing a Masters program specializing in public administration or business administration. Many complete Internship programs in public agencies or corporate management development programs prior to assuming management responsibilities.

Most business and public administration graduates begin their careers as assistant administrators, department or division assistants, and managers in small businesses or government agencies. Some become city managers or administrators in small businesses or local governments. As they become more experienced, their management responsibilities increase.

After completing the basic education requirements for a career in government or business and after serving as the manager of a small business or local government, the emphasis shifts to experience. In assessing the importance of experience in municipal government, let's look at the some of the issues that city councils and administrators must address as they look for a new chief administrative officer.

1. As the city organization becomes larger, the problems become more complex. Instead of administering personnel policies and benefits for 20 employees, we now have 120. In the near future with rapid growth, we will have 250 employees. The need for management resources will increase and we will require more staffing support for the personnel function and other municipal functions. There will be the need to assess whether it is beneficial to self insure or provide health benefits in the traditional way. How should the city respond to the ever increasing cost of health care for employees?

The administrator will need to assess the need for a wellness program; training and development programs for the staff; a safety program to address workmen compensation issues; a strategy for dealing with unionization; compensation policies; grievance resolutions and many other complex personnel issues associated with a larger organization and staff.

2. Public safety issues such as determining factors for investing in multi-million dollar fire apparatus, equipment and facilities; the benefits of providing an adequate supply of water for fire service; the liability implications associated with the policy on the use of deadly force by a police officer or high speed pursuit; the adequacy of standard operating procedures and other issues that may affect public safety services or cause a drain on the municipal treasury.
3. What should be the city's policies on the extension of utilities? What should the capacity of the water and wastewater systems be to meet the needs of the future? What role should the Joint Economic and Community Development Board play in the city's development? What role does the growth coordinating committee play in the growth and development of the city? How should the city approach annexation in an effort to broaden the tax base? How much subsidy should residential homeowners provide for commerce and industry? What is the value of strategic planning? How should the administration encourage the city to focus on specific goals and objectives? Where should the city encourage growth? What should the city do to promote economic opportunities and jobs; small business development; industrial development; retail development and tourism?
4. Should the city use multi-year budgeting? How much of the general government expenses should be allocated to utilities? How is this accomplished? Should the city use tax increment financing and other tax incentives for expanding existing and new industries? Should the city issue short-term or long-term debt? How much of our long term debt should be on variable interest rates? What should our investment policy be? Should the city provide defined-benefit or defined-contribution retirement benefits? How should the city finance its vehicles and equipment? What financial resources are available to the city? What is the significance of a special census in terms of municipal revenues? What is the significance of SITUS based revenues? Should the city use impact fees to pay for infrastructure needs associated with rapid growth? What equipment should we self insure?
5. What is the basis of determining whether the city should contract for garbage service or provide the service in-house? How should the city finance the maintenance and resurfacing of city streets? What is the state policy on the replacement of city utilities located on state routes where roadway improvements are planned and how does it affect our city? What is the best way to address stormwater management and how should the city finance the improvements? How does the city determine the most cost effective way of providing garbage service? Should the city use fully automated

garbage trucks or semi-automated trucks? Should the city provide recycle service and at what cost? How should the city dispose of brush, yard trash, and debris? What are the most economical methods for disposal of refuse? What steps should the city take to become more self sufficient in the use of energy and transportation fuels?

6. What municipal consulting services should the city use? What services do the development districts provide to the city? What is the importance of participating in the Metropolitan Planning Organization (MPO)? Why should the city participate in the Joint Economic and Community Development Board? Who is the city's point of contact for commercial and industrial development? Where can the city get assistance with commercial and industrial development? How can the city get assistance in developing retail and tourism?
7. Who is responsible for utility service? Who is responsible for the water and wastewater treatment processes? What are the licensing requirements for water and wastewater operators? What is the basis of a utility rate study? How can rates be structured to favor certain classification of utility customers? How much water reserve capacity should the city maintain for fire service? How much water capacity should the city reserve for business and industrial development? What are our future needs for water and wastewater services? What is the basis of the water and wastewater service connection fees? Should the city provide in-house engineering services? What engineering services should be provided by engineering consulting firms?

So, what is the cost of not having an experienced municipal administrator? One city with an experienced manager saved \$350,000 annually by effectively monitoring its SITUS report. One city without an experienced manager lost \$1 million in federal financial assistance because it did not know the legal requirements of responding to a Tennessee Department of Transportation's request to identify utilities for relocation in a state highway project. One city paid a private consultant 20% of its recovered business tax revenue for reviewing the accuracy of its SITUS report, a duty normally assigned to clerical staff. Another city saved \$250,000 annually by taking the garbage service from a private contractor. A city saved homeowners hundreds of dollars annually in fire insurance premiums by improving its Insurance Service Organization fire rating. A recent Comprehensive Management Review of your city utilities pointed out a savings of approximately \$125,000 annually by hiring an in-house engineer and an additional \$166,000 in revenues from charging all utility customers a minimum bill. As the review is expanded, additional savings will be identified. Another city saved \$500,000 in local funds for street paving by obtaining federal Surface Transportation Program funding for street paving. While we often think of the cost of providing for an experienced administrator, he or she usually saves more than their annual salary and benefits.

These are some of the complex issues that the city board and administration must address. As a policy making board responsible for effective and efficient administration, the board must decide the relevance of municipal management experience in addressing these complex issues and others as it recruits a chief administrative officer. The board must decide the level of

experience that can best address these complex issues that affect city services and the cost of services. You must decide if the style of management for a city of 5,000 will work effectively for a city of 25,000. Many cities in your population category recruit and employ experienced municipal management professionals in addressing these and other important issues.

As a word of precaution, the position was advertised seeking candidates with several years of city management/administration experience. The list of candidates that I provided to you met those qualifications. If you are going to lower the qualification requirements, you may want to consider re-advertising the position reflecting the lesser qualifications.

I look forward to receiving a list of candidates for background checks. Please call me if you have questions or comments.

Respectfully Yours

Ron Darden  
Municipal Management Consultant