

The Need for Professional Management

The University of Tennessee's Municipal Technical Advisory Service

By Ron Darden, Municipal Management Consultant

MTAS management consultants recommend that cities employ professional managers/administrators with municipal experience. The purpose of this report is to make you more aware of some of the issues that you may need to consider in hiring a professional city manager.

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 and 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 some of the issues that city councils and administrators must address as they look for a new chief administrative officer or city manager.

1. Complex Issues.
 - a) As the city organization becomes larger, the problems become more complex. Instead of administering personnel policies and benefits for 10 employees, we now have 50. In the near future with growth, we will have 120 employees. The need for management resources will increase and we will require more staffing support for the personnel function and other municipal functions.
 - b) How should the city respond to the ever increasing cost of health care for employees? There will be the need to assess whether it is beneficial to self-insure or provide health benefits in the traditional way. 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.

- a) Public safety issues such as determining factors for investing in multi-million dollar fire apparatus, equipment and facilities.
- b) The benefits of providing an adequate supply of water for fire service.
- c) The liability implications associated with the policy on the use of deadly force by a police officer or high speed pursuit.
- d) The adequacy of standard operating procedures and other issues that may affect public safety services or cause a drain on the municipal treasury.

3. Utilities.

- a) What should be the city's policies on the extension of utilities?
- b) What should the capacity of the water and wastewater systems be to meet the needs of the future?
- c) Who is responsible for utility service?
- d) Who is responsible for the water and wastewater treatment processes?
- e) What are the licensing requirements for water and wastewater operators?
- f) What is the basis of a utility rate study?
- g) How can rates be structured to favor certain classification of utility customers?
- h) How much water reserve capacity should the city maintain for fire service?
- i) How much water capacity should the city reserve for business and industrial development?
- j) What are our future needs for water and wastewater services?
- k) What is the basis of the water and wastewater service connection fees?

4. Growth and Development.

- a) What role should the Joint Economic and Community Development Board play in the city's development?
- b) What role does the growth coordinating committee play in the growth and development of the city?
- c) How should the city approach annexation in an effort to broaden the tax base?
- d) How much subsidy should residential homeowners provide for commerce and industry?
- e) What should the city do to promote economic opportunities and jobs; small business development; industrial development; retail development and tourism?

5. Strategic Planning.

- a) What is the value of strategic planning?
- b) How should the administration encourage the city to focus on specific goals and objectives?
- c) Where should the city encourage growth?

6. Budget and Finance.

- a) Should the city use multi-year budgeting?
- b) How much of the general government expenses should be allocated to utilities? How is this accomplished?
- c) Should the city use tax increment financing and other tax incentives for expanding existing and new industries?
- d) Should the city issue short-term or long-term debt?
- e) How much of our long-term debt should be on variable interest rates?
- f) What should our investment policy be?
- g) What financial resources are available to the city?
- h) What is the significance of a special census in terms of municipal revenues?
- i) What is the significance of SITUS based revenues?
- j) Should the city use impact fees to pay for infrastructure needs associated with rapid growth?

7. Employee benefits.

Should the city provide defined-benefit or defined-contribution retirement benefits?

8. Vehicles and Equipment.

- a) How should the city finance its vehicles and equipment?
- b) What equipment should we self insure?
- c) How should we structure an equipment reserve?

9. Solid Waste.

- a) What is the basis of determining whether the city should contract for garbage service or provide the service in-house?
- b) How does the city determine the most cost effective way of providing garbage service?
- c) Should the city use fully automated garbage trucks or semi-automated trucks?
- d) Should the city provide recycle service and at what cost?
- e) How should the city dispose of brush, yard trash, and debris?
- f) What are the most economical methods for disposal of refuse?

10. Street.

- a) How should the city finance the maintenance and resurfacing of city streets?
- b) 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?

11. Drainage and Stormwater Issues.

What is the best way to address stormwater management and how should the city finance the improvements?

12. Energy Use.

What steps should the city take to become more self-sufficient in the use of energy and transportation fuels?

13. Consulting Services.

What municipal consulting services should the city use?

14. Benefits of Agency Participation.

- a) What services do the development districts provide to the city?
- b) What is the importance of participating in the Rural Transportation Planning Organization?
- c) Why should the city participate in the Joint Economic and Community Development Board?
- d) Who is the city's point of contact for commercial and industrial development?
- e) Where can the city get assistance with infrastructure and finance for commercial and industrial development?
- f) How can the city get assistance in developing retail and tourism?

15. Engineering Services.

- a) Should the city provide in-house engineering services?
- b) What engineering services should be provided by engineering consulting firms?

These are some of the issues that can best be addressed by a professional manager with municipal experience.

So, what is the cost of not having an experienced municipal manager? 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 in fire insurance premiums by improving its Insurance Service Organization

fire rating. Another city saved \$500,000 in local funds for street paving by obtaining federal Surface Transportation Program funding for local 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.

As a policy making council responsible for effective and efficient administration, the council must decide the relevance of municipal management experience in addressing these complex issues and others as it recruits a city manager. The council 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 what style of management will work effectively for your city. Many cities in your population category recruit and employ experienced municipal management professionals in addressing these and other important issues.