

City of Saratoga Springs Charter Review Commission
Thursday, September 28, 2017



September 28, 2017
CITY OF SARATOGA SPRINGS
Charter Review Commission
City Hall Music Hall
7:00 PM

CALL TO ORDER

PUBLIC COMMENT

APPROVAL OF MINUTES

ACTION ON THE EXPANDED FINANCIAL DISCLOSURE SUMMARY

ADJOURN

DRAFT



September 28, 2017
CITY OF SARATOGA SPRINGS
Charter Review Commission
City Hall Music Hall
7:00 PM

PRESENT: Jeff Altamari
Gordon Boyd
Laura Chodos
Pat Kane
Mike Los
Barbara Thomas
Robert Turner
Beth Wurtmann

ABSENT: Ann Casey Bullock
Devin Dal Pos
Elio DelSette
Matt Jones
BK Keramati
Robert Kuczynski
Minita Sanghvi

STAFF: Tony Izzo

RECORDING OF PROCEEDING

The proceedings of this meeting were taped for the benefit of the secretary. Because the minutes are not a verbatim record of the proceedings, the minutes are not a word-for-word transcript.

CALL TO ORDER

Chairman Robert Turner called the meeting to order at 7:16 p.m. He asked the Board and staff to introduce themselves.

PUBLIC COMMENT

Chairman Robert Turner opened the public comment period at 7:17 p.m.

Richard Sellers, Fifth Avenue, Saratoga Springs stated that he was speaking tonight on behalf of John Kaufman who could not be here to implore Chairman Turner to share with the rest of the Charter Commission an email that he should have received from John Kaufman. It is Mr.

Kaufman's desire that the contents of the email be communicated with the rest of the Charter Review Committee.

Michael Stonebeck, Woodlawn Avenue, Saratoga Springs has been following the meetings of the Charter Commission and he has an issue with a few things. First, during the presentation by Gordon Boyd and Jeff Altamari that was aired on Look TV, they implied that the public does not want and could not handle the financial detail. He disagrees with that supposition and as a member of the public, he wants more information. He believes it is insulting and wrong to assume that the public could not handle the numbers. He disagreed with the statement that there is no requirement to reconcile the numbers. He realizes that the new version of financial disclosure is longer and includes more details and he prefers that because he is "old school". Secondly, he understands from a reliable source that if any member of the Commission makes a public statement the Charter Commission must approve that statement before it is issued. He believes that this has not been happening, and currently there are statements by a current Commission member posted on social media that are not good and can be proven to be false.

Shawna Sutton, 141 Nelson Avenue, Saratoga Springs is concerned about the last paragraph of the proposed Charter where it states: "Deputy Commissioners: The existing Deputy Commissioners or their designees shall continue to serve in their department manager functions until the City Manager's appointment is effective, at which time they shall serve at the pleasure of the City Manager. The Charter Transition Task Force shall recommend adequate funding of these positions in the 2020 fiscal budget." Shauna Sutton asked why the Commission states that these positions are being eliminated when in fact they are not being eliminated? She does not understand why she was never asked to give her opinion on anything although she served as Deputy Mayor for six years, and none of the other deputies were asked for comments although the deputies served thousands of hours working in these departments with hundreds of duties. She cannot begin to understand why the last paragraph of the proposed Charter is in place while at the same time the proposed Charter and the financial disclosure summary both state that those positions are being eliminated. She said she is very confused by the proposed Charter and the fiscal analysis.

Seeing that no one else wished to speak, Chairman Turner closed the public hearing at 7:25 pm.

MINUTES

Barbara Thomas moved and Pat Kane seconded to accept the minutes of the September 18, 2017 Charter Commission meeting. Ayes all. (8-0)

ACTION ON THE EXPANDED FINANCIAL DISCLOSURE SUMMARY (Attached)

Chairman Bob Turner explained that Commission action on the expanded financial disclosure summary is the only item of new business on the agenda.

Jeff Altamari moved and Gordon Boyd seconded to adopt the Saratoga Springs Charter Review Commission Financial Disclosure Summary dated September 18, 2017 as presented.

Bob Turner stated that the City Council wanted more detail in the financial statement, including more details on the management structure and a financial estimate accordingly.

Jeff Altamari said the Commission decided to have a financial disclosure summary and he has been working on it continuously since December 2016. He stated that people are going to want to know more than just the comparison of the existing and the proposed Charter. He has been advocating for an internal auditor and then the Charter Commission agreed to provide a brief document. After last week's City Council meeting, he realized the document needed more detail so he edited the document to make it more thorough and now he feels it is important to get the material out to the public. He feels he should have done it this way from the beginning.

Barbara Thomas reminded the Commission that initially they thought it was better to have a brief document; she was wary of a seven-page document, some of which is speculative but this longer, more detailed statement makes sense.

Jeff Altamari said the numbers have not changed; another chapter was added that addresses what the City Manager might do. Finally, we speak to the transition because it is hard to say what a future City Council will do in terms of offering benefits. We know we must cover the cost of the former deputies because once the proposed Charter is in place, the deputies become people that have experience and can be a crucial part of the bridge of transition.

Gordon Boyd asked Jeff Altamari to address the concerns of former Deputy Mayor Shauna Sutton about the retention of deputies as stated at the end of the Charter and the subsequent financial disclosure of the savings due to the elimination of those positions

Jeff Altamari advised that there is no question that the interim transition period will add cost and may offset any savings in the first year. He said people have already shown an interest in coming here as City Manager so the transition period could be brief, but it could cost \$100k if done in a month or \$300k if it takes three months and includes the cost of the former deputies and their benefits and what might have to be done to accommodate the new City Manager hire.

The savings are future savings. They will be impacted by the costs of transition; we may keep the Deputies longer to help with transition.

Pat Kane noted that the City Council budgets for things yet may not need them; it is a best estimate. This is what people are looking for and it is the best we can offer, just like an annual City budget, it is the Commission's best estimate of the financial impact.

Gordon Boyd commented that the inception of the Charter if it is approved by voters is January 1, 2020 and there will be upwards of \$400k of house money to meet the cost of government in addition to whatever else is going on so a deputy or two may remain for awhile.

Pat Kane commented that he was surprised when the City Council announced that there will be 12 retirees next year. He does not know if it is a burden or a relief; every scenario is different, so only an estimate is possible.

Jeff Altamari stated that he tried to cover possibilities including a possible assistant city manager. He studied 20 cities that have this form of government that are about our size and there is an assistant city manager in about 3 of 15. The financial disclosure is presented in the interest of conservatism.

Pat Kane advised that all decisions are made by the City Council. There is nothing that the transition team has any power over; it all goes back to the City Council. This is not an exact science.

Bob Turner explained that the financial impact statement is not about the net spend or savings in 2020-2021; it is really thinking ten to twenty years out into the future about how efficiencies are generated and services are improved. The savings will come in a longer span, possibly as far forward as five to ten years.

Mike Los said that you can look across many different industries, governments and other options and creating efficiencies and streamlining functions always creates a savings in the long run. There is a learning curve but efficiencies and improved functions save money.

Jeff Altamari stated that the Commission determined that re-organization was necessary to become more efficient. It is no one's fault and he does not fault the employees in City Hall because many have tried hard to do the right thing but in many respects their hands are tied by the current charter. Turnovers are tough on all organizations. If a large organization has a five to ten percent turnover rate they are in trouble. It takes six or seven months of a person's salary to bring them on in one year; it takes up to two years to get someone up to speed. Therefore, if there are long-termed managers and directors, a team can be built and more can be accomplished. Turnovers are expensive; long-term planning is valuable but it cannot be effective with two year terms and it cannot be limited to two years. It may have worked for the last one hundred years but for the next one hundred years to be successful, long term planning and commitment is crucial. This became evident from the information gathered; the Commission did not come here with an agenda.

Bob Turner said that a number of years ago, he heard a compelling story that exemplifies these points from former Deputy Mayor Sutton about how much work she was doing to fix the communications problem in City Hall by eliminating the five separate phone systems and bringing in one phone system which resulted in improved efficiency, reduced cost and is a lot more functional.

Barbara Thomas said it was implied in the public comment period that the Commission feels the public is not smart enough to grasp detail and she wants it understood that this is absolutely not true; the Commission trusts the voters. She said the City employees have repeatedly explained to members of the Commission that they try to do a good job but there are impediments to accomplishing everything they would like to do.

Gordon Boyd said it is important to realize that the Charter proposal is not a report card on the current or the former officials of our City government; it is more like a road map, not an end product. It is a more efficient and easier road map to work with, especially for the employees and the elected officials and it will be easier for the public to understand because it more closely corresponds with County, State and Federal government because of the separation of powers. It also corresponds to most organizations. It is a paradigm that people can connect with. We are going to provide all the material possible so people can review it as much as desired and he hopes it will be well received.

Laura Chodos stated that she has read it several times and the public should gain confidence in the document because she believes it is something to be proud of.

Bob Turner reminded the Commission that there is a motion on the floor to adopt the expanded financial disclosure summary of September 18, 2017 as presented. He requested a roll-call vote:

Gordon Boyd:	Aye
Jeff Altamari:	Aye
Mike Los:	Aye
Laura Chodos:	Aye
Barbara Thomas:	Aye
Pat Kane:	Aye
Beth Wurtmann:	Aye
Chairman Bob Turner	Aye

Motion passes 8-0

Gordon Boyd praised the work of the Board Clerks Kathy Moran and Nancy Wagner throughout the process.

Bob Turner agreed and he commended Tony Izzo for his role as attorney, historian and camera operator and thanked him for his service on yet another Charter Review Commission. He thanked the people of Saratoga Springs, stating that he has held many conversations with the public and everyone agrees that regardless of the form of government the City of Saratoga Springs will continue to persevere because it is the people of this City that make it an amazing and wonderful place to live and he looks forward to presenting this document to the people and trusts them to make the wise decision.

ADJOURNMENT

Pat Kane moved and Barbara Thomas seconded to adjourn the meeting at 7:44 p.m. Ayes all. There being no further business, Chairman Robert Turner adjourned the meeting at 7:44 p.m.

Respectfully submitted,

Nancy L. Wagner
Clerk

Approved:

Saratoga Springs Charter Review Commission
Financial Disclosure Summary
September 18, 2017

Introduction

Following over fifteen months of discussions, reviews, interviews, and analyses, the Saratoga Springs Charter Review Commission (CRC) has agreed to recommend a new Charter for the City that would create a 'Council-Manager' form of government. This would take the place of the 'Commission' form of government, which has been the City's governance model since 1916. In the Council-Manager form of government, a professional City Manager is hired to run the daily operations of the city. The City Manager reports to the City Council. The City Council has the power to hire, fire and oversee the work of the City Manager.

The exercise of estimating the requisite savings and costs of the Council-Manager model when contrasted with the Commission model is challenging for a variety of reasons:

- There is no precedent for this City to migrate to the Council-Manager form of government
- There are features of both Saratoga Springs and its government that are unique
- While it is relatively simple to contrast what is in the proposed Charter and the current Charter with respect to affected leadership positions, it is more difficult to say exactly what actions a City Manager would take after his or her installation in this position. It is also challenging to estimate the costs of transitioning from the Commission form of government to the Council-Manager form. While this transition will be a one-time event, actions are assumed in this disclosure document that may not exactly mirror future outcomes.

Notwithstanding these challenges, good faith efforts were made to identify the future economic impact of migrating to the Council-Manager model of governance. These included good faith efforts to obtain information from City Hall as well as from professional sources such as the New York Conference of Mayors and Municipal Officials, and other credible sources as needed. These estimates are not guarantees of future results. The purpose of this Financial Disclosure Summary is to frame, for the voters of Saratoga Springs, the estimated economic impact of changing to the Council-Manager form of government, including positive and negative affects.

Estimated Financial Impact Summary of Proposed Charter versus Current City Charter

It is important to recognize certain facts and assumptions prior to reviewing the following financial estimates.

- Section 8.01 of the proposed Charter repeals the current Charter, "The Charter of the City of Saratoga Springs, enacted in 2001 and as amended from time to time, is hereby repealed."
- This repeal includes the elimination of senior level positions specifically identified in the current Charter such as the Mayor, the four current Commissioners, and the Deputies. The effect of eliminating these positions is reflected in the following analysis.
- The proposed Charter provides for a Mayor, a City Manager, and six City Council Members.

Before continuing with the financial analysis it is important to understand an observation and conclusion that arose from the CRC's examination of other Council-Manager forms of government and discussions with City Managers. The current Charter provides for five independent departments, headed by a Mayor or Commissioner. The current Charter provides for the Mayor and each Commissioner to hire a Deputy. Below the Deputy level positions we observed such positions as fire chief, police chief, and director. In the Council-Manager form of government there is one executive City Manager above 'flat' organizations. 'Flat' organizations eliminate management layers between the senior executive and the director level positions. As examples:

The Watertown, NY, City Manager has nine director level positions reporting to her, plus a police chief and a fire chief, for a total of eleven direct reports. There are no Commissioners or Deputies between her and the director level employees.

In Batavia, NY, the City Manager has four direct reports including a Director of Public Works, a Police Chief, a Fire Chief, and an Assistant City Manager. The Assistant City Manager has five director level positions reporting to her, including City Clerk, Finance Director, Assessment, Youth Bureau and Personnel.

It is not uncommon in organizations similar in size to Saratoga Springs to have a senior executive with eight or more director or senior manager level direct reports. The Watertown example is particularly relevant because its population of 26,000 is very close to that of Saratoga Springs. When examining these two examples and other Council-Manager organizations we found similar organizational configurations. It seems appropriate, based on this research, and

for the benefit of voters, to reflect an organizational structure in the proposed Charter that mirrors existing Council-Manager forms of government.

When the proposed Charter is compared to the current Charter, as noted previously, certain positions are added in the proposed Charter. As the current Charter is repealed, certain positions are eliminated. The following is a summary of the economic impact of these differences

Elimination of 5 Deputies' salaries	\$366,000
Elimination of 5 Deputies' benefits	\$202,000
Elimination of 4 Commissioners' salaries	\$58,000
Elimination of 4 Commissioners' benefits	\$72,000
Increase in Mayor's salary	-\$26,000
Addition of one professional City Manager's salary	-\$125,000
Addition of City Manager's benefits (benefits at standard City rate)	-\$69,000
Addition of 6 City Council Members' salaries (no benefits)	-\$87,000
Estimated future annual savings based on New Charter	<u>\$391,000</u>

The above net savings are driven primarily by the elimination of Deputy salaries and benefits, netted against the salary and benefits of a new City Manager. In the absence of specific actions by a City Manager to alter the landscape, the presumption above is that a City Manager can manage director, fire chief, and police chief level positions as direct reports. Again this is consistent with what was observed in a city like Watertown and elsewhere and confirmed by their City Managers. 'Estimated future annual savings' reflects an approximate annual savings rate once the transition period is completed and the Council-Manager government is fully functioning and engaged. It does not reflect inflation or other unknown factors that may give rise to increases or decreases in these numbers. The impact of transition will be discussed below.

Internal Auditor

Section 5.17 of the Proposed Charter calls for the City Council to maintain an audit function staffed by a professional internal auditor. The internal auditor

reports to the City Council. They may be hired as an employee or outsourced through a professional audit firm. The internal auditor will execute random audits of the City Manager's operations and report back to the City Council. The City Council may also direct the internal auditor to look at operational issues that may be of concern. The auditor will perform audits of efficiency, and controls over cash and assets. They also examine compliance with laws, internal controls, contract compliance, etc.

Internal auditors, unlike outside CPA firms, conduct highly focused audits. They examine areas that are often not included in the audit scope of outside CPA firms who come in once or twice a year to examine the City's books, and opine on the fairness of their financial statements, and issue a Management Letter.

The impact of internal auditors with regard to savings is normally positive, and in some cases, where there are many high potential opportunities, significant. The assumption made here is that the City Council will outsource a professional auditor from a professional auditing firm for \$75,000. The internal auditor will, at a minimum, identify enough savings to cover the cost of their fee. This is an extremely conservative assumption. Therefore, the impact of the internal auditor is cost neutral in this Financial Disclosure Summary.

Actions by City Manager

As stated in the Introduction, it is difficult to know in advance how a City Manager would organize his or her staff and what changes they would make to the existing organization. For guidance we looked at cities with the Council-Manager form of government. As noted, their organizational structures are 'flat' with little hierarchy. They have fire chief, police chief, and director level positions reporting directly to them. An example would be a Finance Director who is personally responsible for accounting, reporting, payroll, and cash management with 2-3 assistants.

In order to provide more conservatism for this Financial Disclosure Summary, the CRC elected to assume that the City Manager would hire an Assistant City Manager. We saw Assistant City Managers in certain Council-Manager organizations but not in others. In addition, the City Manager would participate (as called out in Section 4.03 of the Proposed Charter) in the hiring of a City Attorney. The CRC suggested that a full-time City Attorney could assist the City Manager with operational issues like contract management and provide advice to the City Council as required. One part-time attorney position would be eliminated concurrently.

Efficiency

It is important for the Civil Service workforce to realize it is not the intention of the CRC to 'downsize' the Civil Service workforce. It is its intention that the City Manager be instructed that any downsizing of the workforce will be based on attrition. Attrition means when an individual either retires or voluntarily resigns, the City Manager may or may not elect to replace that person. It does not extend to employees on disability or official leave.

The concept of efficiency is based on the belief and experience, that when five separate departments are combined under one professional manager, fewer employees may be required. The City may not have to replace all the workers who leave through attrition (assuming the current budget and activity level remains). One sees about twelve-percent fewer employees in the Watertown, NY workforce than Saratoga Springs though it is not necessarily an apples-to-apples comparison. For the sake of conservatism, it was assumed that two fewer employees (out of approximately 400) would be required by combining five independent departments under one City Manager. Assuming an average salary is at least \$50,000 per year, at a benefit rate of 55.1 percent, two fewer employees, leaving through attrition and not replaced by the City Manager, would save the City about \$155,000 per year.

Discontinued Post-Retirement Health Care Benefits

Currently, City Mayors and Commissioners who serve more than 10 years in office are entitled to lifetime health benefits after age 55. By eliminating this benefit in the proposed Charter the City would avoid this future cost when future Mayors or Commissioners qualify for the lifetime benefit, which would continue to be available under the current Charter. Assuming that at least two individuals would qualify in the future, and they elected single coverage of about \$18,000 per year, by going to the proposed Charter, the City would save about \$36,000 per year. The family coverage operations are a bit higher than the single coverage.

Quantifying City Manager Actions and other Items Discussed Above

Addition of Assistant City Manager's salary & benefits	-\$140,000
Elimination of part-time City Attorney's salary & benefits	\$101,000
Addition of Full-time City Attorney's salary & benefits	-\$140,000
Addition of fee for out-sourced Internal Auditor	-\$75,000
Minimal internal auditor identified savings	\$75,000
Efficiency through attrition (2 employees retire & not replaced)	\$155,000
Discontinued post-retirement health care	\$36,000
Estimated future annual savings based on City Manager actions, efficiency, and health-care savings	<u>\$12,000</u>
Estimated future annual savings based on New Charter	\$391,000
Total Estimated future annual savings based on New Charter & City Manager actions	<u>\$403,000</u>

Transition to the new Charter

Estimating the costs of transition is most challenging given that no one on the CRC or the people the CRC spoke to have ever gone through a transition from the Commission form of government to the Council-Manager format. The Proposed Charter addresses transition in Article VIII. Some important points for the voters to note in approximating transition costs include:

- Again, 8.01 repeals the current Charter with the exception of local laws, ordinances, and resolutions, etc. that shall continue in full force. This means, all Mayor, Commissioner, and Deputy positions cited in the Current Charter are eliminated through this repeal
- If passed by referendum in 2017, the new Charter will go into effect immediately upon approval, but will not be practically implemented until January 1st, 2020 when the recently elected (Nov, 2019) new Mayor and six Member City Council and Supervisors will take charge and the City Council will hold its first meeting

- The Civil Service status and rights of all City employees and their beneficiaries, including but not limited to those with respect to retirement and Social Security, shall not be affected by this Charter
- The initial expenses of the City Council under this Charter, including such expenses as may be incurred during 2019, such as the expense of recruiting a City manager, shall be paid on vouchers signed by the Mayor
- A Charter Transition Task Force (CTTF) shall be established not later than 60 days after approval of the amended Charter by the voters. There will be nine members – five appointed by the Mayor and one each by each Commissioner
- The CTTF shall prepare a detailed work plan addressing
 - Establishment of recruitment & selection timetable for City Manager
 - Recommendation of a salary range for City Manager
 - Recommendation to the City Council of amounts necessary to adequately fund reasonably foreseeable new positions in the fiscal year beginning January 1st, 2020
 - An estimation of expenses necessary to include in the 2020 fiscal year budget to fund a smooth transition to the new Charter
- The existing Deputy Commissioners or their designees shall continue to serve in their department management functions until the City Manager's appointment is effective, at which time they shall serve at the pleasure of the City Manager
- The CTTF shall recommend adequate funding of these positions in the 2020 fiscal budget
- **NOTE:** this is only included as a means of providing a smooth transition until the installment of the City Manager. These employees are no longer Deputies by definition, as their positions have been eliminated by the repeal language in 8.01. If there are no Commissioners, there can be no Deputy Commissioners. It is assumed by the CRC that these former Deputies will be eliminated once the City Manager organizes his or her staff. The City Manager may wish to retain a former Deputy but, as they are no longer Deputies after Jan 1st, they would fill a new position under the City Manager. This is strictly up to the new City Manager.

The transition costs will be a function of the time it takes to hire a City Manager. The longer it takes, the more it will cost. The single largest expense will be keeping former Deputies on the payroll to help with the transition. The next highest costs will be the recruitment of a City Manager. A quick hiring, in early 2020, could have a total impact of under \$100,000. An installation by the end of the first quarter could cost up to \$300,000. Saratoga Springs is a very desirable place to be, which could expedite the process. That said, it is not possible to know how long the hiring process will take.