

Presentation of the Joint Committees
on Administration and Legislature and
the Form and Scope of County Government
FEBRUARY 16, 2006
RECOMMENDING A COUNTY MANAGER FORM OF GOVERNMENT

Mr. Chairman, Fellow Commissioners, Distinguished guests....

I make this presentation to you on behalf of the joint recommendation of the Committees on Administration and Legislature and the Form and Scope of County Government. Our remarks convey the unanimous recommendation of these two Committees, but they also provide a reflection of the hard work, deliberation, research and inquiry conducted by the members, law students and volunteers working with these Committees. Please note that after this presentation it will be opened to discussion – and we look forward to your comments and input.

This major recommendation from our committees to the Commission will allow the Commission to further its work in a speedy and deliberate way - by providing an essential framework for a revised Charter. At this juncture it is useful to briefly review the events which led to the creation of this Commission, as well as some recent aspects of the history of Erie County.

Erie County first provided for an elected County Executive through a Charter which dates back to 1959. At that time, Erie County continued to be governed by a Board of Supervisors, which adopted the Charter changes providing for the County Executive. Nearly one decade later, in 1968, the voters of Erie County authorized the establishment of a 20 member Legislature which replaced the Board of Supervisors. Just several years ago, this Legislature was reduced to 15 members.

Erie County has now completed nearly four decades of governance by an elected County Executive and Legislature. Twice within this period, our County has faced significant financial crises. This Fiscal turmoil led to wholesale political changes in elected office holders, but no fundamental change in the basic structure of County government. Both of these crises, in 1984 and in 2004 will long be remembered as failures in the governing of this County.

Voter dissatisfaction with elected officials reached a point where last year's County Legislature chose to call for a re-examination of the very form and structure of our County government. Erie County taxpayers, as well as elected officials, seemed to sense that structural as well as organizational aspects of Erie County's government were contributing to the most recent crisis.

As we make our recommendation for a modification in Erie County Government, we note that this proposal is not a panacea for all of the political and financial ills which plague Erie County. A change in management structure alone is no substitute for strong leadership, enlightened foresight and wise judgment. Furthermore, no change in organizational form will solve a problem created by a failure to use financial and managerial best practices. Nonetheless, this will remedy some of the challenges which have become apparent during last year's financial crisis.

In proposing structural change to County Government, our two Committees have considered a wide range of proposals.

- We considered the merits of a return to the former Board of Supervisors
- We considered the benefits of strong Executive leadership which can be provided by a County Executive, or the Executive leadership of a County-wide elected Legislature Chairman
- Furthermore we closely reviewed the County Government management structure in many counties in the United States, including counties which are both analogous, as well as dissimilar to Erie County.

We are pleased to recommend to you today – the Hybrid County Manager form of government.

The experiences of other counties and municipalities illustrated to us that the hybrid form of county government would provide Erie County with a robust, flexible governmental form that would simultaneously provide Erie County with strong political leadership and effective professional management.

Allegheny County, Pennsylvania (Pittsburgh, PA)

The situation of Allegheny County, PA closely mirrors that of Erie County – both regions had historically thrived from heavy industry but now are struggling economically. These struggles manifest themselves through operating budget deficits, one-time or short-term revenue deals, and declining tax bases. Yet, Allegheny County has re-defined itself to meet these challenges. Their current success is attributable (in part) to its new form of government – the hybrid executive-manager system.

When our Committee saw the Allegheny County charter, and recognized how similar Allegheny and Erie Counties were, the Committee decided a fact-finding trip was warranted. Accordingly, Gerry Kelly and one of the law students assisting this Commission by traveled down to Pittsburgh last Friday to interview the Allegheny County Executive and Manager. Their findings further confirmed our committees' impression that Allegheny County was a worthy model for Erie County to closely consider.

The structure of Allegheny County's executive branch is quite similar to the one we are proposing to this Commission. They have an elected executive who is responsible for the policy direction of the county.

The County Manager in Allegheny County is appointed by the County Executive, confirmed by the County Council, and serves at the pleasure of the Executive. The Manager oversees the day-to-day operations of the County, including budget preparation and personnel issues.

Allegheny County's structure gave it the ability to avoid a fiscal crisis. When the current Executive took office in 2004, he inherited a \$30 million deficit. He and the professional manager took the initiative to close this deficit by instituting:

- a layoff of county workers (note that all but 20% of the layoffs were attained by attrition or voluntary separation)
- they also implemented operational efficiencies - while maintaining the same level of County services.

Maricopa County, Arizona (Phoenix)

Maricopa County, Arizona has a pure professional manager form of government. He is appointed by a five-member Board of Supervisors. The current County Manager for Maricopa County is David Smith. He was formerly a Deputy County Executive for Erie County under the Gorski administration. Utilizing this connection, our Commission interviewed Mr. Smith for his perspective regarding the function and operation of a county manager in Maricopa County.

Some of the highlights of our conversation with Mr. Smith were:

- The Manager serves under the terms of a contract which provides a severance package if he is fired without cause
- The Maricopa County Manager is responsible for implementing a complex set of policies given to him by the Board of Supervisors.
 1. He, in consultation with those Supervisors, instituted a 28-point strategic plan that defines the policy agenda and forms a roadmap for each individual department.
- Maricopa County is a rapidly growing county – since 1994, the county has expanded from 2.4 to 3.6 million residents. Because of this population and economic growth – there are unique fiscal management and policy challenges. The 28-point strategic plan and a performance-based budget system - have helped improve the management of the county.

Alameda County, California (Oakland)

Alameda County's government has a five-member Board of Supervisors and an appointed Administrator responsible for

- overseeing the operations of the county
- hiring and firing
- and preparing a budget for the Board's consideration.

Alameda County demonstrates that a County Manager can be successful, even when faced with challenging fiscal issues. Some of the past challenges that have faced Alameda County are:

- Spending exceeding revenues
- Depletion of reserve funds AND
- Use of short term revenue sources to fill budget gaps

Even though these issues had faced the professional County Manager, over the past 3 years he has been successful at turning around the County's finances and currently runs an operating surplus.

2. Experiences of Other New York Counties

The larger New York counties analogous to ours have the same conventional strong-Executive structure that Erie County has. Several smaller counties, however, have a pure-county manager system. These include Niagara, Genesee, and Schenectady Counties. In addition the City of Elmira has a hybrid form of government.

We will touch on two example regions that were particularly useful in building our hybrid model:

A. Niagara County

Niagara County is administered by Greg Lewis – an appointed County Manager. Some useful highlights of the Niagara County model are:

- The County Manager oversees all Department heads and is responsible for helping in their budget preparation, and their annual business plans
- Greg Lewis gives weekly updates to the Legislature - reviewing the past week's activities, previewing the upcoming week's activities, and any relevant financial data.
- Annual performance evaluations review the County Manager and each County department
- Each department head is expected to submit to the manager an annual business plan that shows the direction for the upcoming year and a proposed budget.

B. City of Elmira

The joint Committees interviewed Samuel Iraci, the now-retired City Manager of Elmira, New York. Elmira has a hybrid system with an elected at-large Mayor (who sits on the City Council) and an appointed Manager who reports to the Council.

The hybrid form has served Elmira well. Some of the successes are:

- the fiscal policies have resulted in a tax base that has increased 7% since 1998
- The Manager form of government has empowered Elmira to conduct national searches for key employees and hire the "best of the best". For example the new police chief was brought in from outside of the area. His expertise has moved the Elmira Police Department into the elite ranks of the credentialed police departments.
- Mr. Iraci concluded that a new form of government doesn't always define the outcomes, but rather gives a community the best opportunity to obtain the highest qualified individuals. It is these types of individuals whose governmental decisions will be made for the right reasons.

Our research spent a significant amount of time reviewing the work of H. George Frederickson, a noted professor and expert in Public Administration and an honorary member of the International City/ County Managers Association. Dr. Frederickson's studies have indicated that "citizens want political responsiveness and administrative efficiency". Dr. Frederickson adds that the most efficient means to attaining these outcomes is through a hybrid form of government.

In many cases the governments that transform to a hybrid are not faced with fiscal or managerial challenges (as we are here in Erie County), YET these governments have made the change. The reason for the change is the simple realization that government needs to redefine itself - in order to meet the challenges of the 21st Century. In fact Dr. Fredrickson contends that nearly all of the best managed cities in the US have adopted a chief administrative officer to handle the day to day operations.

The final two key questions of our discussion are: First, what will the recommended form of government look like?

And second, what can the County Manager do to improve government for the residents of Erie County?

First, what will our recommendation look like?

Under our plan the County Executive is the CEO of Erie County, he or she is responsible for policy and political leadership.

The County Executive is responsible for appointing the County Manager – subject to the approval of the County Legislature.

We envision the County Executive as the chief policy maker for Erie County. As the policy maker he or she shall:

- Work closely with the legislature in its laws, acts, ordinances and resolutions
- Draw up a 4 year strategic plan
- Submit with the professional manager the annual budget to the legislature
- And initiate proposals for legislative consideration

We also see the County Executive as the “chief political officer” for Erie County. As such he or she will be responsible for:

- Representing the County in external affairs (intergovernmental relations)
- Promoting Erie County in the areas of economic development
 - Such as securing agreements for projects targeted to occur in Erie County
- Working cooperatively with other governments in Erie County in areas such as shared services

The County Manager is the COO for Erie County, responsible for the day to day operation of government. As the administrative head of Erie County, the County Manger is responsible for:

- Supervising the non-elected units of county government
- Hiring and removal of department heads
- Developments and implementation of the budget
- Formulation and integration of the 4 year strategic plan

In addition the County Manager would work closely with the Legislature. These responsibilities include:

- Attendance at all legislative sessions, and selected committee meetings and hearings
- Extensive reporting on management initiatives, the budget and the County’s financial condition.

There are several reasons why the County Manager is a justified modification to Erie County government.

1. Numerous consultants and experts that we spoke to (including David Akers, Gerry Newfarmer and Sam Iraci) all point to the fact the government is becoming more and more sophisticated – and there is the need for profession management. In addition the separation of policy and administrative responsibilities will allow the County Executive and County Manager to strictly focus on their stated mission.
2. On of the main reasons why the “hybrid form of government” has gained popularity is because it takes the most effective model used in the private sector (with a CEO and a COO) - and applies this model to the public sector. This is a progressive movement that had gained a significant amount of traction in the Southern areas of the US - before its more recent migration to the mid-west and Northeast.
3. Just recently Cincinnati Ohio has adopted a hybrid form of government. The genesis of this reorganization was the need for an improvement on their Manager form of government. The goal was to divest the manager of the policy responsibilities, and allow him to focus on his administrative duties. Their hybrid government has significantly improved operational efficiency for their citizens.
4. Lastly, we concluded that the County Executive must retain the political accountability to the citizens of Erie County. For this reason the County Executive will continue to be elected county-wide – every 4 years. As taxpayers we need to be able to illustrate our support or disapproval for the policy direction of the County.

More specifically, how will the County Manager benefit Erie County?

1. Brian Jenson is an Allegheny County consultant and member of its Charter Review Commission. He was asked by our committees what is the greatest result of the County Manager? Mr. Jenson responded that there has been a significant improvement in budget preparation and financial reporting. He added that the voters in Allegheny County have greatly appreciated the improved accountability, and the County Executive and County Manager have enjoyed the heightened sense of personal responsibility from their Department heads.
2. A national search will allow the taxpayers of Erie County to have a County Manager who will employ professional management best practices and utilizes a “21st Century vision” for the benefit of Erie County.
3. The yearly business plans that will be submitted to the professional manager by each non-elected department head will offer clarity of financial goals and a clear understanding of the strategic direction of their department.
4. The four-year strategic plan, which will be crafted by the County Executive and County Manager and presented to the Legislature will help add efficiency and effectiveness to the management of county government.
 - a. In addition the adherence of the County Executive and County Manager to this plan will be a measuring stick of their performance.

5. Every year there will be performance reviews of the County Manager and all of the non-elected department heads. We believe this will add a new level of accountability and allow for quantitative and qualitative assessments of performance.

Conclusion

In conclusion I want to build on a concept that Gerry Newfarmer of Management Partners, presented to our commission last Thursday (2.9.06). At that time Gerry said that there has been a convergence happening in the US governments, where County Executives and County Managers are joining forces to best serve the needs of their communities. Newfarmer added that "every model of government is a hybrid model, which is tailored to the specific needs of the local setting". We do not have a magic solution to the challenges here in Erie County, but our extensive research has shown us that a professional County Manager form of Government this is the most viable option for our community.

We believe the time has come for Erie County to participate in this national trend. If we act now we can bring about the dawn of a new era in our community - one which is in the best interest of all of our fellow Erie County residents.

We sincerely thank you for your attention, and now our committees will open it up for a discussion amongst our fellow commissioners.

From Grant Hamilton

Resolution on Form of Government

WHEREAS, the Form and Scope and the Administration and Legislature committees of the Charter Revision Commission have researched several options for the form of government, and

WHEREAS, the committees have reviewed charters and forms of government from several municipalities both within New York State and elsewhere, and

WHEREAS, speakers before the Commission and the committees have provided testimony regarding the efficiency of a non-political, appointed professional manager serving in the capacity of chief operating officer, and

WHEREAS, the committees find that a chief executive officer elected at-large may provide for leadership in the areas of planning, economic development, and inter-governmental cooperation, and

WHEREAS, a "hybrid" organization of government has been successfully adopted elsewhere, and

WHEREAS, a budget analysis indicates that both positions can be created without additional cost to taxpayers when compared to the current form, be it therefore

RESOLVED, that the Erie County Charter Revision Commission adopts the conceptual form of an appointed professional manager, an executive position elected at-large, and a legislative body, and be it further

RESOLVED, that the Form & Scope and the Administration and Legislature committees be directed to continue detailed drafting of language required for such a form of government and to report such language to the full Commission periodically.