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## 2022 CITY CHARTER REFORM COSTING PROCESS OVERVIEW

In January of 2022, City Charter Commission support staff engaged the City Budget Office with a request to provide costing assistance for changes to the City's form of government. At this time, little was known about the details of the future proposed reform package. The Budget Office began its costing work by conducting comparative research using the peer cities identified and under consideration by the Charter Commission which included Baltimore, Washington DC, Boston, Memphis, Detroit, Oklahoma City, El Paso, and Las Vegas. This comparative research later informed certain aspects of the Budget Office's cost estimates, as provided in more detail in this report.

On January 28<sup>th</sup>, the Budget Office received a formal request to provide the fiscal impact of a package that included the following reforms:

- To shift the constituency of City Council from all at-large seats and to increase the size of City Council. We were informed we could assume an overall Council size between 6 and 20, a number of districts between 3 and 9, and the number of Councilors per district between 1 and 5.
- To shift from the Commission form of government to a form of government in which City Councilors do not directly manage bureaus.
- To shift to a form of voting that allows a decision in one election and eliminates the primary, and to adopt a voting method that captures people's preferences.

In response to this request, given the large variance of costs that could occur within the above parameters, the Budget Office drafted an interactive dashboard, or "calculator", that would allow commissioners to see how costs could change by changing different components of the proposals (i.e. number of districts, number of councilmembers per district, number of council staff, salary of City Administrator, size of transition team, etc).

A draft of this dashboard was discussed with a subset of Charter Commissioners on February 25<sup>th</sup>. The Commission continued their conversations to refine their proposal, and on March 31<sup>st</sup> provided the Budget Office with the below information on their preliminary vote for the package of reforms:

		3.31.22 Preliminary Vote
1	Executive authority	Mayor
2	Mayor is a member of council	No
3	Mayor votes with council	Never
4	Mayor veto authority	No
5	Authority to hire city manager/administrator	Mayor nominates, council approves
6	Authority to supervise city manager/administrator	Mayor
7	Authority to fire city manager/administrator	Mayor or 3/4 of the Council
8	Authority to hire and fire bureau directors	City Manager/Administrator
9	Responsibility for policy development	Council
10	Responsibility for budget preparation	Mayor proposes, council amends & approves, with intention to empower council in process
11	Number of districts	4
12	Number of elected leaders per district	3
13	Council size	12
14	Voting method	Ranked choice voting
15	Timing of elections	Staggered every two years, November only
16	Districting process	Community body with criteria, redistricting every 10 years

*City Charter Commission Reform Package Components per a Preliminary Vote, March 31<sup>st</sup>*

In response to the Charter Commission’s May 31<sup>st</sup> request for a fiscal impact analysis of the above charter reform package, the City Budget Office (CBO) developed and presented an initial report on April 29<sup>th</sup>.

The figures in the initial report were refined in May as more details were known, and these figures are the ones that have been used in the ballot measure language and in all communications since that time. This was the required timeline in alignment with the Charter Commission’s process. It is important to note that costing was provided in service to the independent Charter Commission, and materials were constructed to be objective assessments that met the Commission’s needs and timeline. It is also important to note that this costing exercise was conducted in the middle of the FY 2022-23 budget development process, before the budget was finally adopted, and General Fund discretionary numbers were based upon the point-in-time of the analysis and do not reflect the final budget figures.

**It is essential to note that the figures in this report are estimates and this report does not represent a budget document.** Costs associated with council and mayor staffing levels, ranked choice voting implementation, and other election-related costs will only be known after certain operational milestones, as shown below:



# OVERVIEW OF COST ESTIMATES

The Budget Office estimated that annual ongoing costs of the proposed reforms will be between \$0.91M to \$8.7M annually, which equated to between 0.1% and 1.4% of the City's General Fund discretionary resources at the time of the initial analysis conducted in the spring of 2022. One-time cost estimates of this transition were estimated at approximately \$4.0M to \$5.9M per year, or between 0.6% and 1.0% of Fiscal Year 2022-2023 discretionary resources, during the assumed three-year transition period from 2022 to 2025. Discretionary funds are approximately 10% of the overall total city budget.

All budget numbers and cost estimates were constructed based upon the City's Fiscal Year 2022-23 budget, and all position counts were reported as Full-Time Equivalents (FTEs). Costs estimates will increase over time due to inflation. Estimates included personnel, and office rental and internal materials and services costs for those personnel. Salary estimates are based on classification midpoints. Estimates did not include other discretionary spending for each office, so office budgets will not match those listed in the Fiscal Year 2022-2023 budget.

The key components of the charter reform package that were considered and costed are:

## **Geographic Districting and Increasing the Size of the Council**

- Increasing the number of councilmembers from 4 to 12
- Changes in the salary and staffing levels of council offices
- Changes in staffing in the Council Clerk's office

## **Ranked Choice Voting**

- Changes in Special Elections costs due to a longer Ranked Choice Voting ballot
- Costs of implementing and sustaining a new elections system, including voter education and outreach and coordination with the County(ies)
- Additional City Elections office staff to support more candidates running for more positions
- Changes in costs for the Small Donor Elections program

## **Mayor and Administrator Changes**

- Changes in the salary and staffing levels of the Mayor as a result of a change in duties
- Changes in the salary and staffing levels of the City Administrator as a result of a change in duties

## **Change Management Costs**

- Initial City staffing and consultant need estimates for implementing charter change

## **Second Order Effects of Charter Reform**

This report and costing did not make assumptions around the second-order effects of the Charter reforms, such as potential savings from changing or consolidating bureau functions or the cost of creating new programs or functions. We anticipate that additional programmatic changes resulting in costs and savings may be part of the alignment work for which the Transition Team will be responsible.

The below table provides the high-level cost estimate summary by key cost area. The Low and High estimate columns show marginal cost increases above the current cost levels which are shown in the far-right column. The low and high estimates presented are summary numbers that reflect two unlikely scenarios: a scenario in which the cost of every aspect of reform comes in near the low estimate; and a scenario in which the cost of every aspect of reform comes in near the high estimate. It is likely that the actual cost will fall somewhere in between the low and the high estimates.

Amount Greater (Less) than Current Costs	ANNUAL ON-GOING			ANNUALIZED ONE-TIME		
	Low	High	Current	Low	High	Current
<b>Districting and Council Size</b>	+3,086,075	+7,105,575	6,028,109	+1,130,198	+1,740,527	-
<b>Ranked Choice Voting</b>	(662,949)	+277,983	1,761,409	+365,347	+962,377	166,667
<b>Form of Government</b>	(1,512,390)	+1,337,834	4,546,444	-	-	-
<b>Change Management</b>	-	-	-	+2,461,067	+3,219,307	1,643,350
<b>TOTAL</b>	<b>+910,736</b>	<b>+8,721,392</b>	<b>12,335,962</b>	<b>+3,956,612</b>	<b>+5,922,211</b>	<b>1,810,017</b>

The below table provides the cost estimates summarized by cost category. This level of detail is provided in aggregate form; the low and high cost estimates are total dollar values which, once compared to the current dollar values will provide the marginal cost increase or decrease. These costs and cost assumptions are further detailed in the later sections of this report.

BY REFORM		ANNUAL ON-GOING			TOTAL ONE-TIME		
Reform	Cost Category	Low	High	Current	Low	High	Current
<b>Geographic Districting and Increasing the Size of City Council</b>	<b>Council Offices</b>	8,276,795	12,028,845	5,324,445	3,390,593	5,221,581	-
	<b>Council Clerk</b>	837,389	1,104,839	703,664	-	-	-
<b>DISTRICTING &amp; COUNCIL SIZE COSTS</b>		<b>9,114,184</b>	<b>13,133,684</b>	<b>6,028,109</b>	<b>3,390,593</b>	<b>5,221,581</b>	<b>-</b>
<b>Ranked Choice Voting</b>	<b>Special Elections</b>	137,500	250,000	-	-	-	-
	<b>County Implementation</b>	-	-	-	300,000	1,000,000	-
	<b>Hardware &amp; Software</b>	100,000	300,000	-	500,000	1,500,000	-
	<b>Voter Education &amp; Outreach</b>	-	-	-	796,041	887,130	500,000
	<b>Elections Office</b>	425,146	558,871	291,421	-	-	-
	<b>Small Donor Elections Program</b>	435,814	930,521	1,469,988	-	-	-
<b>RANKED CHOICE VOTING COSTS</b>		<b>1,098,460</b>	<b>2,039,392</b>	<b>1,761,409</b>	<b>1,596,041</b>	<b>3,387,130</b>	<b>500,000</b>
<b>City Administration &amp; Executive Function</b>	<b>Mayor's Office</b>	1,348,820	2,861,210	2,861,210	-	-	-
	<b>City Administrator's Office</b>	1,685,234	3,023,068	1,685,234	-	-	-
<b>ADMIN &amp; EXECUTIVE COSTS</b>		<b>3,034,054</b>	<b>5,884,278</b>	<b>4,546,444</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change Management</b>	<b>Transition Team</b>	-	-	-	12,313,252	14,587,973	4,930,050
<b>CHANGE MANAGEMENT COSTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>12,313,252</b>	<b>14,587,973</b>	<b>4,930,050</b>
<b>TOTAL COSTS</b>		<b>13,246,698</b>	<b>21,057,354</b>	<b>12,335,962</b>	<b>17,299,886</b>	<b>23,196,683</b>	<b>5,430,050</b>

# GEOGRAPHIC DISTRICTING AND INCREASING THE SIZE OF CITY COUNCIL

The below table summarizes the cost estimates and costing assumptions related to geographic districting and increasing the size of Council. **Details for each of these cost elements is provided in the sections below.**

ANNUAL ON-GOING COST ESTIMATE DETAIL for DISTRICTING AND INCREASING THE SIZE OF COUNCIL							
		Low - Per Office	High - Per Office	Current - Per Office	Low - 12 Offices	High - 12 Offices	Current - 4 Offices
Councilmember	Cost estimate	108,470	129,470	186,442	1,301,640	1,553,640	745,768
	Salary assumption	70,000	85,000	125,694	840,000	1,020,000	502,776
Council staff	Cost estimate	469,002	703,104	935,869	5,628,024	8,437,248	3,743,476
	Staff size assumption	3 FTE	4.7 FTE	7 FTE	36 FTE	56.4 FTE	24 FTE
Council office space	Cost estimate	112,261	169,830	208,800	1,347,132	2,037,960	835,200
	Office assumptions	An individual office for each council office within their own district, and an office near City Hall to be shared amongst the 3 council offices in the same district. Differences in costs between the two estimates are driven by staffing size.			An individual office for each council office within their own district, and an office near City Hall to be shared amongst the 3 council offices in the same district. Differences in costs between the two estimates are driven by staffing size.		
TOTAL COUNCIL		689,733	1,002,404	1,331,111	8,276,796	12,028,848	5,324,444
Council Clerk's Office	Cost estimate	Estimates and assumptions are to the right, since the Council Clerk's Office will serve all Council Offices			837,389	1,104,839	703,664
	Staff size assumption				6 FTE	8 FTE	5 FTE
TOTAL COUNCIL CLERK COSTS					837,389	1,104,839	703,664
GRAND TOTAL					9,114,184	13,133,684	6,028,109

## The Cost of the New Council Offices

The cost estimates for the new Council Offices ranges from a low of \$8.3 million to a high of \$12.0 million as shown in the subtotal in the chart above. These costs are \$2.9 million to \$6.7 million more than current costs.

These cost estimates include assumptions as follows:

- Change in Councilor Salaries:** The cost estimates assume Council members will have a salary of between \$70,000 and \$85,000. This estimate is based upon comparative research of other jurisdictions' salaries for council members that are district representatives, and accounts for cost-of-living adjustments in Portland when compared to other jurisdictions. This level of salary is lower than the current salary rate for Commissioners of \$125,694. CBO research found district representatives have lower salaries than elected representatives who represent the entire jurisdiction. In addition, current Council members are

responsible for managing bureaus administratively, and will no longer hold this responsibility under the new form of government. Ultimately, an appointed salary commission of Human Resources professionals will decide the salary rates of all elected officials in the new form of government. As stated in the charter amendments, this decision must be made no later than August 1, 2023 to allow for the appropriate level of budget to be adopted in the FY 2024-25 budget. The cost estimates provided in the chart above also assume benefits costs and internal materials and services costs for each Council member.

- Change in Council Office Staffing Size and Composition:** The cost estimates assume each of the twelve new offices will have between 3 and 4.7 full-time equivalent staff members supporting the Councilor. This assumption is informed by comparative research of other jurisdictions. Both estimates assume that each district of 3 representatives will have some level of shared staff providing communications and business operations functions. The high estimate assumes each office will have: one full-time chief of staff, one full-time policy advisor, and one full-time constituent services manager; plus, one shared communications staff person and one shared business operations staff person. The low estimate assumes each Council office will have one full-time chief of staff and one full-time policy advisor; plus, one shared constituent services person, one shared communications staff person, and one shared business operations staff person. Currently, each Council member has seven authorized FTE. Thus, each of these scenarios represent a decrease in support staff when compared to the current system. However, due to the greater number of Councilors, the cost of these two proposals range from \$5.6 million to \$8.4 million, which is \$1.9 million to \$4.7 million greater than the current system. The reduction in individual Council office staff is assumed due to the shifting of responsibility around managing bureaus from Commissioners to a City Administrator and the movement towards district representation rather than citywide representation. The Mayor will propose and Council will authorize staffing levels as part of the FY 2024-25 budget development in late spring of 2024. Their decision may be informed by the transition team and by the transition advisory body.
- Change in Council Office Location and Space:** The cost estimates for new Council office space assume two offices: an individual office for the councilmember and their staff within their own district, and an office near City Hall to be shared amongst the councilmembers and their staff with others in the same district. Ongoing cost estimates were based upon per-employee square footage cost data for certain current City facilities as provided by the Office of Management and Finance. The ongoing cost estimates range from \$1.3 million to \$2.0 million, which is \$0.5 million to \$1.2 million greater than current costs. The difference in cost is driven by the different assumptions in Council office staffing size, as articulated in the bullet point above.

In addition to ongoing lease costs, the Budget Office cost estimates assume one-time moving and construction costs associated with the required new office space as well as some Council member transition costs. Cost assumptions include costs related to furniture, conference rooms, security improvements, permits and fees, storage, and project management. They also include other transition costs such as personnel onboarding costs, computers and related technology costs, and swearing-in ceremonies. CBO estimates these one-time costs to range from \$3.4 million to \$5.2 million. Cost assumptions are based upon data provided by the facilities division within the Office of Management and Finance.

ONE-TIME TRANSITION COSTS COUNCIL OFFICES & TRANSITION		
Estimated Costs	Low	High
	3,390,593	5,221,581

## Council Clerk's Office Staffing

With the increase of offices from 4 Commissioners and a Mayor to 12 councilmembers and a Mayor, the Council Clerk's office will also need more staff to help with an increased volume of City Council business. Specifically, the budget office assumed additional staffing resources would be needed to assist with the coordination of agenda items, training, Council meeting facilitation, and processing of Council decisions and recordkeeping. The estimate assumes that the Clerk will need a total of 6 to 8 staff, as compared to their current level of 5 full time staff. This amounts to an estimated cost increase of \$133,725 to \$401,175.

# RANKED CHOICE VOTING

The below table summarizes the cost estimates and costing assumptions related to ranked choice voting. Details for each of these cost elements is provided in the sections below.

ANNUAL ESTIMATED ON-GOING COSTS for IMPLEMENTING RANKED CHOICE VOTING				
	Cost estimate	Low	High	Current
			\$137,500 annualized	\$250,000 annualized
Special elections	Assumption	<i>Assume one special election every four years with an additional ballot page to accommodate an RCV grid of candidates</i>		—
Vote processing hardware and software leases and rentals	Cost estimate	\$100,000	\$300,000	
	Assumption	<i>Estimate based on ongoing costs from other jurisdictions implementing RCV and recent Portland software costs</i>		—
Elections office staffing	Cost estimate	425,146	558,871	291,421
	Staff size assumption	3 FTE	4 FTE	2 FTE
Small Donor Elections program	Cost estimate	435,814	930,521	1,469,988
	Election assumption	<i>Lower number of viable candidates due to popular incumbent; no run-off because of RCV</i>	<i>Higher number of viable candidates due to open seat; no run-off because of RCV</i>	<i>One in five Mayoral and Council races do not have run-offs</i>
<b>TOTAL RCV</b>		<b>1,098,460</b>	<b>2,039,392</b>	<b>1,761,409</b>

ESTIMATED ONE-TIME COSTS for IMPLEMENTING RANKED CHOICE VOTING				
County Implementation	Cost estimate	Low	High	Current
			300,000	1,000,000
	Assumption	<i>1 FTE to assist with county implementation for 2 years</i>	<i>3 FTEs to assist with county implementation for 2 years</i>	—
Hardware & Software	Cost estimate	500,000	1,500,000	
	Assumption	<i>Estimate based on one-time costs from other jurisdictions implementing RCV and recent Portland software costs</i>		—
Voter Education & Outreach	Cost estimate	796,041	887,130	500,000
	Assumption	<i>\$0.65 per resident as a starting point</i>	<i>\$0.85 per resident as a starting point</i>	<i>\$500,000 in FY22-23 budget</i>
<b>TOTAL RCV</b>		<b>1,596,041</b>	<b>3,387,130</b>	<b>500,000</b>



## Special Elections

The cost of primary and general elections typically falls to the counties, whereas the City is responsible for costs associated with special elections. While the ideal scenario would have all elected officials serving their full terms and only being elected during regular elections, it is reasonable to assume that – with 14 elected officials – the City would occasionally need to fill a vacant seat with a special election. The cost estimates assume one Council vacancy resulting in a special election every four years.

Because a ballot would have a grid for voters to indicate their levels of preference for candidates running for this seat, the cost estimate assumes an additional ballot page would be needed. Labor, printing, and postage costs are currently unknown for the additional ballot page because details such as number of levels that a voter is asked to rank can have a drastic impact on ballot design. The estimates assume an increased cost of between \$550,000 and \$1,000,000 every four years, which on an annual basis would amount to \$137,500 to \$250,000. The low and high estimates are loosely based on recent special election costs allocated to the City and recent labor and printing costs for an additional ballot page. Other costs allocated to the City for special elections can also vary widely due to factors such as timing - which influences if the City can share some of the cost with other jurisdictions - and voter turnout, which influences costs for processing returned ballots.

These costs will not be realized until a need for a special election is known. The City may choose to plan for the possibility of a special election by setting aside resources beginning in the FY 2024-25 budget process.

## Implementation of Ranked Choice Voting

Running elections is a function of the Counties; as such, the implementation of Ranked Choice Voting (RCV) in Portland will be a cost borne primarily by Multnomah County and potentially by Washington and Clackamas Counties. Most Portland voters are in Multnomah County, with about 1,000 voters in Washington County, and about 500 voters in Clackamas County.

These cost estimates were created before the details of Multnomah County's charter proposal to move to ranked choice voting was known. The passage of measure 26-232 to have Multnomah County adopt ranked choice voting should result in some level of cost sharing between the City and the County which could lead the actual City cost of RCV implementation to be towards the lower end of the Budget Office's estimate.

These cost estimates include assumptions as follows:

- **Ranked Choice Voting Software and Hardware Costs:** Multnomah and Washington Counties both use Clear Ballot for their vote processing vendor. In contrast, Clackamas County uses HART Intercivic (HART) as their vote processing vendor. At the time of cost estimate development, the future of the County's measure on RCV was unknown; as such, cost estimates assumed that any hardware and software upgrade costs required for Ranked Choice Voting will be carried by the City. These costs include software for RCV modules and for voting tabulation, and equipment for ballot design, sorting, and tabulation. The Budget Office reached out to Clear Ballot and HART, but they were unable to provide cost models for implementing RCV modules. The cost estimates are thus conservatively benchmarked on hardware and software costs incurred by other jurisdictions, and costs for recent large software implementation in Portland. These assumptions yielded a cost estimate of \$0.5 million to \$1.5 million in one-time software and hardware costs and \$100,000 to \$300,000 annually for software leasing and

tabulation costs. These estimates may not be accurate depending on the details of both the City's implementation and Multnomah County's implementation. If these RCV implementations are aligned, the City may be able to take advantage of economies of scale. If they are not aligned, the City may need to pay for specialized RCV modules and may need to contend with technical issues of ballot processing, especially if the implementation requires hand tabulation of ballots. These costs will be determined by the County and negotiated with the City.

- **One-time RCV Staff Implementation Costs:** The cost estimates anticipate that the counties will need additional one-time support for implementation of RCV over two years. The low estimate assumes the need for the City to pay for 1.0 FTE for Multnomah County and the high estimate assumes the City supporting an additional 2.0 FTE for Multnomah County and 1.0 for Washington and Clackamas Counties. These estimates range from \$300,000 to \$1.0 million. These costs will be determined by the Counties and negotiated with the City.
- **Voter Education and Outreach around Ranked Choice Voting:** The cost estimates also assume that the City will need to fund one-time voter education and outreach related to this new form of voting. Currently, the City has \$500,000 in one-time resource available for voter outreach and education which can be redeployed towards this need. The cost estimates assume an increased cost that would total \$796,041 to \$887,130. If this one-time cost were spread over three years, it would represent an increase of \$98,680 to \$129,043 annually for three years. These estimates were informed by comparative research; however, both the low and high estimates hover around the higher end of costs as compared to other jurisdictions implementing RCV for two reasons. First, other jurisdictions researched needed to communicate with voters on only RCV, whereas the City will also need to communicate around geographic districting and form of government changes. Second, an in-depth and inclusive education and outreach effort is required for alignment with the City's Core Values, particularly of Anti-racism, Equity, Transparency, and Communication.

These costs on voter outreach and education do not include staffing to implement these efforts. The portion of the Transition Team assigned to Elections are assumed to coordinate the initial, large-scale voter education and outreach efforts required for a smooth transition. The Elections Office is assumed to coordinate smaller, ongoing efforts. Please see the Elections Office Staffing and the Transition Team Staffing sections for details on the staffing costs.

- **City Elections Office Staffing:** The City's Elections Office will require more staff to help with the additional responsibilities resulting from implementing Ranked Choice Voting (RCV), and from having a larger number of City Council seats. These responsibilities include processing an increased number of candidate filings and overseeing the lobbying and political consultant regulations for a larger City Council. The cost estimates assume the Elections Office will need to add 1 to 2 full time staff, at an increased cost of \$133,725 to \$267,450. These staff and costs will need to be determined no later than late Spring 2024 so they may be included in the FY 2024-25 budget.
- **Changes to Small Donor Elections Program Costs:** The Small Donor Elections (SDE) Program is a City program that aims to help decrease the influence of money on the campaigns of candidates running for Mayor, Auditor, or City Commissioner. Candidates participating in the program get 9-to-1 match on the first \$20 donated from an eligible donor in the primary and again in the election by agreeing to certain

program restrictions. Costs of this program are impacted by charter change in three ways: by the increase in the number of councilors, by the move towards district-based elections, and by the removal of a primary election. Currently, the program costs approximately \$1.5 million annually; the cost estimates of charter change total between \$435,814 and \$930,521 annually, representing a decrease in costs of between \$987,750 and \$515,250. The low estimate assumes lower costs as a result of a lower number of participating candidates running in particular district, and the high estimate assumes a higher number of participating candidates. Cost estimates were provided by the Small Donor Elections Program and assume a decrease in costs primarily as a result of the elimination of the Primary Election as well as an assumed reduction in program caps as a result of moving to district-based councilor elections.

# CITY ADMINISTRATION & EXECUTIVE FUNCTION CHANGES

The below table summarizes the cost estimates and costing assumptions related to changes to the City’s Administrative and Executive functions. The low and high estimates are related to pending decisions around day-to-day operational and administrative roles of the Mayor’s Office and the Chief Administrator’s Office. For example, the low estimate for the Mayor’s Office assumes smaller Mayor’s Office with a higher level of delegation to the Chief Administrator’s Office, and this scenario would likely be paired with the high estimate for the Chief Administrator’s Office. The estimates for the current Mayor’s Office and current Chief Administrative Officer’s Office include only the core personnel, office space, computers, etc. and do not include additional functions (for example, funding for special projects or offices). Details for these cost estimates are provided below.

ANNUAL ON-GOING COSTS				
		Low	High	Current
Mayor	Cost estimate	194,770	235,735	235,735
	Salary assumption	\$120,000	\$149,261	\$149,261
Mayor’s staff	Cost estimate	1,154,051	2,625,475	2,625,475
	Staff size assumption	7.0 FTEs	17.5 FTEs	17.5 FTEs
City Administrator	Cost estimate	309,263	390,770	309,263
	Staff size assumption	\$201,781	\$260,000	\$201,781
City Administrator’s staff	Cost estimate	1,375,971	2,632,298	1,375,971
	Staff size assumption	7.0 FTEs	14.0 FTEs	7.0 FTEs
<b>TOTAL EXECUTIVE AND ADMIN</b>		<b>3,034,054</b>	<b>5,884,278</b>	<b>4,546,444</b>

- Change in Mayor’s Salary:** The cost estimates assume the Mayor will have a salary of between \$120,000 and \$149,261. Per Charter, the Mayor is the chief executive of the City and must exercise careful supervision of the general affairs of the City. The Police Bureau, City Attorney, and City Administrator will report to the Mayor. While not a member of the City Council, the Mayor can introduce legislation to the council for consideration and will break tie votes. Additionally, the Mayor will propose the budget. Currently, the Mayor’s salary is \$149,261. Given that the Mayor currently holds significant administrative and legislative duties, the cost estimate assumes that the salary under the new form of government will be no greater than its current level, and potentially set at a lower level. The low estimate was informed by comparative research of other jurisdictions and relates to similar salaries for elected officials that hold citywide responsibility. Ultimately, an appointed salary commission of Human Resources professionals will decide the salary rates of all elected officials in the new form of government. This decision must be made no later than spring of 2024 to allow for the appropriate level of budget to be adopted in the FY 2024-25 budget. The cost estimates provided in the chart above also assume benefits costs and internal materials and services costs for the Mayor.

- Change in Mayor’s Office Staffing Size and Composition:** The cost estimates assume the Mayor will have support staff of between 7.0 FTE and the current number of 17.5 FTE at a cost of \$1.3 million to \$2.9 million. This represents a savings of up to \$1.5 million when compared to the current cost. Per Charter, the Mayor is the chief executive of the City and must exercise careful supervision of the general affairs of the City. The Police Bureau, City Attorney, and City Administrator will report to the Mayor. While not a member of the City Council, the Mayor can introduce legislation to the council for consideration and will break tie votes. Additionally, the Mayor will propose the budget. Currently, the Mayor’s Office has 17.5 authorized FTE supporting the Mayor. Given that the Mayor currently holds significant administrative and legislative duties, the cost estimate assumes that the staffing levels under the new form of government will be no greater than its current level, and could potentially be set at a significantly lower level. The Mayor will propose and Council will authorize staffing levels as part of the FY 2024-25 budget development in late spring of 2024. Their decision may be informed by the transition team and by the transition advisory body.
- City Administrator Salary:** The cost estimates assume the new City Administrator will have a salary of between \$201,781 and \$260,000. While this position and role will be new to the City, the City does currently have a Chief Administrative Officer that oversees several bureaus and functions within the Office of Management and Finance. The low-end cost estimate aligns with the current mid-point for the current CAO; the upper end of the estimate aligns with comparative research of other jurisdictions. Ultimately, this salary will be proposed by the Mayor and approved by the Council, and informed by the Bureau of Human Resources.
- City Administrator Office Staffing Size and Composition:** The cost estimate assumes the new City Administrator will require between 7 and 14 dedicated staff to manage the administrative functions of the City. Currently, the City’s Chief Administrative Officer is estimated to have approximately 7 dedicated staff in their office. Given the creation of a new role of the City Administrator, the cost estimate assumes the level of staffing required to manage day-to-day operations could double to 14. The cost estimates for this change range from \$1.7 million to \$3.0 million, an increase of up to \$1.34 million over the current CAO costs. The costs could be less or greater depending on the level of authority delegated to the City Administrator versus the Mayor to manage day-to-day operations.

## ONE-TIME CHANGE MANAGEMENT COSTS

ANNUALIZED ONE-TIME COSTS				
Transition Team staffing	Cost estimate	Low	High	Current
		4,104,417	4,862,658	1,643,350
	<i>Staff size assumption</i>	<i>20 total FTEs; materials &amp; services costs</i>	<i>23 total FTEs; materials &amp; services costs</i>	<i>8 FTEs that can be transferred to the Transition Team</i>
<b>TOTAL</b>		<b>4,104,417</b>	<b>4,862,658</b>	<b>1,643,350</b>

In addition to the one-time moving and construction costs, new council transition costs, and ranked choice voting and voter education costs, the budget office assumed one-time costs for City change management through the Charter transition team. Initial cost estimates were based upon initial thinking for likely needed

enhanced staff capacity for community oversight and engagement, administration and operations, streamlining of the City's organizational structure, and elections and elected office transition. The cost estimates range from \$4.1 million and \$4.9 million annually for three years. This included an estimated need for 20 FTE, funding for \$100,000 in contracted attorney support, and \$450,000 in consulting costs annually for three years at the low estimate; and 23 FTE, funding for \$200,000 in contracted attorney support, and approximately \$530,000 in consulting costs annually for three years at the high estimate. The cost estimate assumed that 8 FTE and a level of materials and services funding could be reprioritized from existing work to focus on this project, saving \$1.6 million in annual costs.

The total initial increased one-time cost estimate for change management totals \$7.4 million to \$9.7 million over the three-year period, which amounts to \$2.5 million to \$3.2 million each year for three years. Staff cost estimates include salary and benefit costs as well as materials and services costs such as equipment and location rent.

As more is known around full change management needs, it may become apparent that not all of these costs may be incurred equally over each year; thus, the total amounts may be a more useful number for planning purposes.

## CONCLUSION

In conclusion, the Budget Office emphasizes that the above figures were provided as estimates utilizing the information that was available to our office in the spring of 2022 both with regards to the proposed measure itself and with regards to the several implications for operational cost changes. The information was provided at the request of the Charter Commission to inform their thinking and in order to provide a high-level cost estimate for voters as they considered voting on the measure. The deadline from the Charter Commission for this information preceded the referral to the ballot and preceded the adoption of the FY 2022-23 budget. While these estimates were created using reasonable assumptions from available information at the time, there are several elements within these cost estimates that may change as more information is known around staffing and salary levels, facilities costs, and elections costs. **These cost estimates are not a budget.** Budget allocations for these needs will be determined over the next two years as more is known regarding required operational changes.