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Brimeyer Fursman Ilc.

Richard Fursman

CITY OF WILLMAR ORGANIZATION REVIEW RECOMMENDATIONS REPORT

The following is a recommendations report on an organizational review of City operations in Willmar

Study Objectives

The firm was engaged to complete an organizational review of the City of Willmar operations and to provide information necessary for the City staff and City Council to make decisions on the future of the organization. The City is at a crossroads in setting service expectations, staffing levels, and overall direction of the community. Some of the concerns prompting the need for the study included:

- *Vacant positions:* As people were leaving, the City was reconsidering the need for the positions and began holding the positions open indefinitely.
- *Future structure of the organization:* City leaders are considering outsourcing several services to private companies or to other government organizations.
- *Organization work climate:* Concerns were being expressed about the impact of decisions and comments on the overall psyche of the organization.

Approach and Scope of Work

The organization assessment scope included a broad range of areas, structures, and dynamics to study. The areas of review included:

- Review existing organization structure and identify any gaps and/or duplication of services, as well as efficiencies to be gained
- Propose options for a new organizational structure and recommendations on staffing levels, workload and span of control
- Assess the workplace culture including involving employee feedback
- Observe and identify opportunities for intergovernmental cooperation
- Develop a succession review based on length of service of employees with the intent to identify a development of a succession plan for the future
- Make recommendations on the current business practices and processes in place.
- Assess the City's customer service with the intent of soliciting feedback from a range of community partners
- Assistance with implementation of the approved plan (helping to increase capacity in key stakeholders)

Assumptions based on Contracted Approach

1. Fundamental to the success of any organization change is support from the board and Management. It is anticipated that the City Council will support the process and give the City Administrator every opportunity to explore options that may be in the best interests of the City.
2. As in any study that requires a characterization of the current state of an organization's service levels and structure, there will have to be significant involvement of the City Staff.
3. In addition to the involvement in confirming the current state information, the key stakeholders will be involved in meetings or focus groups to determine the ideal state model identification process. This is to ensure that the ideal model can be achieved given any constraints on resources and budget while aligning with the Mission, Vision, and Strategic Plan.

Best practices in the industry suggest that "learning and change cannot be imposed on people. Their involvement and participation is needed in diagnosing what is going on, in figuring out what to do, and in actually bringing about learning and change" (Schein, 2004, p. 418).

4. Absent a Strategic Direction, the consultant will assume the City will continue to provide services at current levels.
5. During the study phase which was this project's focus, the key was to inform the people who might be impacted and keep them tuned in to the what, why and how of this project so they would not view this as a secret effort.
6. The City will identify in a timely fashion all of the people on the staff who have critical information and Brimeyer Fursman will have full and timely access to the staff who have the needed information about the current state.
7. The City will provide a contact person for timely set up of interviews with key staff and other meetings and presentations.
8. The City Management Team will fully support the project to insure its success.
9. The external communication effort will be the responsibility of the City.

Assessment Process

The assessment involved using a variety of approaches as outlined here

- Interviews Internal: Staff (45) and elected officials (9) were interviewed one-on-one or in small groups. The one-on-one interviews averaged a little more than an hour. Interviews with small groups lasted approximately 90 minutes. *All interviews were conducted with the assumption that the data specifics were to be held in confidence.*
- Interviews External: One-on-one interviews (12) were conducted with citizens and members of the business community. There were also three group meetings involving 25 people representing the following communities:
 - Business
 - Somali
 - Hispanic
- Group feedback: Feedback was provided to check the accuracy of observations and to elicit comments from preliminary findings. Feedback sessions were conducted with the WTP personnel, Public Works personnel, Elected Officials, and various focus groups.
- Group design: Focus groups were formed once data were analyzed to assist with the design of the "ideal" structure to deliver the best service possible in the most effective manner. This practice as outlined in the contract has been research tested and verified to have the best chance of success when change is implemented. The co-creation process is a vital part of having a healthy, engaged workforce.
- Denison Model Type Survey: An online survey instrument was used to gather data across the organization. 76 people filled out the survey. The survey data are being used in various parts of the report. Additionally, a complete addendum report on the survey is also included.
 - *The Denison model was developed by Dr. Daniel Denison, formerly of the University of Michigan Business School, and currently Professor of Organization Development at IMD - International Institute of Management, and currently professor of Organization Development at IMD, International Institute of Management Development in Lausanne, Switzerland.*
- Job descriptions: Numerous job descriptions were reviewed and analyzed. This included all of the department heads.
- Review of Charter: The Charter was reviewed to ensure understanding of background, duties, and limitations of personnel.

Large Scale Overview and Culture

Organizational Strengths

- *Committed council*
The council may be divided; however, the commitment to the Citizens of Willmar was expressed by all. The elected individuals have all made a significant time commitment to the community with the reward being the satisfaction of serving the community. Several council members have served the community in various ways and want what's best for the Citizens of Willmar.
- *Dedicated Staff*
The City is fortunate to have a number of long-tenured, very committed workers who are dedicated to providing quality work. Their commitment to the City during good times and bad has been consistent.
- *Areas of exceptional cooperation*
There are a number of areas where the coordination of work between departments is strong and serves the public well. The WWTP personnel and Public Works personnel are especially well coordinated. Engineering has also worked well with these divisions but is now in limbo and the coordination is suffering.

Organizational Concerns

Staff across the organization is feeling a significant amount of stress, confusion, and anxiety related to their work. The interviews with the employees, management and council, as well as the survey results revealed that there is no clarity around overall organizational values, vision, or strategic direction. *Individual departments* believe that their values are clear and adhered to, however there is an overwhelming perception that the organization as a whole does not have a clearly defined set of values. This contributes to a culture of mistrust, silos, and entitlement, often described by the interview participants as a "broken culture."

Factors Contributing to the sense of "Broken Culture"

- *No long-term vision or strategy for the future of the City or organization*
The overwhelming majority of employees indicate the lack of long-term vision and strategy is creating confusion and produces disjointed efforts contributing to an overall lower organizational performance. Most of the community members and elected officials agree that there is no unified vision, or directional goals or objectives guiding the City at this time.
- *Employee discomfort with leadership*
Employees sense they are under constant scrutiny and feel attacked. The leadership is perceived as dysfunctional, by various employees and the community participants. The absence of council decorum is perceived as undermining the organization's capacity and good will, which destroys the trust and belief in leadership's good intentions.
- *Employees want to feel valued from elected officials*
Employees in individual and group settings expressed their worth was constantly being attacked or questioned. Comments coming from the council at meetings have been *interpreted* by employees to mean they have 'little value' compared to private sector workers. The cumulative effects of the comments have led many to feel unappreciated, shamed, worthless, hurt and angry. A long-standing, unresolved union contract is also impacting the environment in this area.

- *Low employee morale*
A majority of employees expressed that the morale is very low even though their commitment to the City, their fellow workers, and their jobs remains high. Long-tenured employees who have committed their working lives to the City sense there is no or little hope for the future. The statement 'this study will do nothing to change things as the council will not accept it' was a common comment or theme. Most employees are fearful and reluctant to offer suggestions to innovate or improve operations as they anticipate being mocked or ridiculed for their suggestions. Others simply view trying to change things as a waste of time.
- *Undermining of management authority*
The council is viewed by a majority of staff as interfering with the role of the City Administrator.
- *Negative impression on customers*
The community expressed concerns with the perceived direction the organization is taking. Inefficiencies in decision making are leading to losses in productivity and organizational performance, costing the tax payers in dollars and service.
- *Disconnect between the Administrator and Elected Officials*
The relationship between the Mayor and the Administrator is doing great harm to the organization and reputation of the City. The rift is obvious to *all* the community members we spoke with and most of the staff. There is also a trust gap with some of the council members and the Administrator. A negatively worded email to the Administrator from the Chamber concerning certain elected officials exacerbated the already existing trust problem between those elected officials and the Administrator. This broken bond places all recommendations made by the Administrator and staff in doubt as to the authenticity of both intent and accuracy of the items presented. This doubt has led to project slowdowns, inefficiency, and compounds morale problems.

According to Terrell (2005 , p. 262), if the trust between leadership and employees is broken, the consequences include: employee cynicism about the values, employee disbelief and distrust of leadership, loss of management credibility, poor employee morale, suboptimal employee productivity, un-engaged employees, increased undesirable turnover, limited capacity for change, reduced organizational resiliency, negative impression on customers, and lower organizational / financial performance.

Consequences of Current Working Environment

There are several consequences of the broken culture prevalent at the City. Some are outlined below.

- *Suboptimal employee productivity*
Low morale, confusion, and burnout are widespread creating anxiety in the workforce. Employee productivity depends greatly on their sense of belonging, and ability to contribute in a positive way.

According to Terrell (2005), the past twelve years (from 1993-2005) of research demonstrates a strong connection between organizational values and organizational performance. The value chain offered by Terrell as one of the most studied models shows a direct link between the values of an organization and organizational financial performance (Figure 1.1).

Figure 1.1 The Value Chain



- *Disengaged employees*
Employees are losing a sense of togetherness; the common culture disappeared with the numerous changes at the top of the organization. The organization is perceived to be siloed and in some cases there is passive aggressive behavior.
- *Increased talent turnover*
Employees are looking for jobs elsewhere. The most talented and productive employees with the brightest careers ahead of them are the ones who are most capable of leaving and are the hardest to replace.

According to the US Department of Labor and Statistics, turnover can cost an organization 33% of an employee's total compensation, including both salary and benefits (Charney, 2008).

- *Recruiting problems*
Highly sought, talented professionals will not be applying for those jobs that are going to be vacant with the upcoming retirements if the environment is not inviting.
- *Limited capacity for change*
Many processes and structures are due for review and update, especially where technology can be utilized. The fear of job loss and insufficient training for new technology suggests that the employees are reluctant to introduce new technologies and processes that require upfront investment. Employees feel it is safer to do their jobs rather than try something innovative that might fail. When they have something to suggest, there is a fear that their motives will be questioned.

Change resistance: it is harder to manage change in the situation of uncertainty and unclear or conflicting expectations. Typical “not going along” attitude might be present and create significant barriers for change, costing the organization time and resources. Change leaders must understand and prepare for dealing with survival anxiety and learning anxiety associated with proposed change processes. Most change efforts fail if initiated in the psychologically unsafe environment (Schein, 2004).

- *Negative impact on services and value to citizens*
The net result of all the consequences is that processes have slowed and therefore the cost of providing a unit of service has increased. Cost increases and service declines are visible in delayed decisions, delayed hiring, and long debates that are not always centered on topic.

There is empirical support for the link between a perceived climate of employee involvement and organizational effectiveness (Riordan, Vandenberg, & Richardson, 2005). According to Riordan et al. higher levels of perceived employee involvement climate are positively associated with the financial performance indices and negatively related to turnover.

External view of the City

There is a pervasive concern about the future of the City coming from the community at large based on the community members we spoke with. Every individual and group we spoke with viewed the council as having a strained relationship. There is disagreement as to why the situation exists and ‘who started it’, but everyone agrees that it is hurting the community.

The Somali and Hispanic community members are feeling more isolated and unappreciated. Comments made during council meetings have been taken hard by fellow citizens who feel they are contributing significantly to the economic well-being of the City. Few council members have aired remarks, but the perceived silence of others is also a point of concern.

When asked for the Vision or Direction the City is charting, all citizens concur that it doesn’t exist but is desperately needed and this council has the ability to do it.

The City receives high marks overall for service delivery; however, there are areas where the City staff should concentrate on repairing its reputation with businesses and developers especially. In some cases the City is seen as heavy handed and not open to ideas.

Recommendations on Culture and Large Scale Change

The cultural assessment is only useful if it is in the context of change. Identifying the changes that are desired in the culture upfront is crucial to the success of the organizational realignment. Culture is almost entirely dependent on the leaders of the organization. A few significant steps are recommended for the organization to take to get the organization operating at a higher capacity.

There are multiple dimensions to the organizational culture, but the most important component that drives it is the leadership, as stated by Schein “cultures begin with leaders who impose their own values and assumptions on a group” (2004, p. 2). Although individual values and assumptions impact the group’s culture, it is the leadership’s role to align and structure the organization in such way that the culture is supportive of the overall mission and strategies. In other words, organization’s culture is not an isolated concept; it is the product of leadership, organization’s mission and strategies, and the environment in which the organization exists.

1. **Hold an off-site retreat:** Have a couple of facilitated off-site retreats to establish or refine better working relationships between council members among themselves and the Administrator. Many issues need to be aired and resolved or an agreement to agree to disagree when needed. The retreats should produce:
 - a. **Identify common values** that will guide decision making and be a focal point of how to conduct business. The values should be a collective reflection of the entire organization.
 - b. **Council relations with each other:** It is important for the council to have a reasonable working relationship with each other. While voting differences are common, the degree to which members distrust each other causes significant delays acting on items resulting in mounting costs. A majority of the council needs to vote on issues and move on for the benefit of the community.
 - c. **An inspirational vision** of what you want Willmar to be in the future (5 years from now). Involve the staff in the process and public comment as well. There is a Citizens Group looking at the future of Willmar which would add to the richness of the process and product.
 - d. **1-5 year goals based on the vision and operations of the City.** Having measurable, time-bound goals tied to the direction of the City will provide staff with clear objectives and a model to reach for. This will allow for the development of goals and performance reviews based on the direction set by the Mayor and Council.
 - e. **Expectations for City Administrator** using the Values, Vision, and Goals set for the City. This will allow meaningful reviews and measures for her performance.
 - f. **Repair the relationship between the Mayor and the Administrator.** The organization needs a strong relationship here to function at a high capacity. The same goes for her relationship with some of the council members. The focus must be on performance toward goals and objectives that can be measured and accounted for.
2. **Conduct a City-wide survey** that allows a wide-range of residents to comment on the state of the City. This will hopefully bring clarity to the overall image of City Hall.
3. **Repair the relationship between the City Council and the business community.** Some out of bounds comments have really hurt this important community partnership. Somehow a new relationship needs to be built and shared goals established.
4. **Settle contracts soon.**

External Services

For the purposes of this report, external services are defined as services consistently delivered by city employees to most of the population of the community. The services include Public Works, Waste Water Treatment, Police, Fire, Engineering and Planning.

Current State

- *Police*
The Police Department did not receive a lot of attention during this study. The reporting structure and mission of the group is clear and does not need to be adjusted. Some internal teamwork may be needed as revealed in the survey.
- *Fire*
The Fire Department also has a reporting structure and mission that is clear and focused. The Chief is new to the department and will need some time to fully evaluate the current state and make any changes he sees as necessary.
- *Public works*
Public Works is currently functioning as a team and is well organized, and focused. The group is fairly seasoned with the workforce experienced and able to self-direct. The recent announcement of the superintendent leaving in the summer has left the group concerned about the future alignment and relationship between Public Works and Engineering. The department is concerned about outsourcing decisions when they are not involved in the conversation.
The team is also concerned that any data or argument provided that demonstrates their ability to do a job better than outsourcing will be considered self-serving and suspicious. In instances like these, they are in a lose-lose scenario where if they demonstrate they are the best option to provide services their motives are questioned, and if they don't speak up they are 'disengaged' and forfeit positions.
- *Waste Water Treatment Plant*
The Waste Water Treatment staff is a well-connected and dedicated team. They are still in the process of getting the 'bugs' out of the new treatment plant. The team is completely cross-trained with workers taking on different roles throughout the year. Certain team members are also called upon to do electrical work throughout the City which has saved the City considerable time and money throughout the years.
- *Engineering*
The Engineering Department is struggling. There is no sense of mission or future, which is to be expected given the uncertain alignment of the department. The current system of staff reporting to consultant supervisors is confusing and lacks continuity of values and mission. The remaining staff is dedicated and professional. They can be counted on to respond well under a rebuilt department. The City has spent close to \$245,000 on consulting engineering services in the seven month period between September 2012 and April 2013 to substitute for an in-house engineer.
- *Planning*
The Planning Department personnel have morphed into a variety of roles left vacant by recent departures of other staff. The staff has taken on their new roles with vigor, but the workload will leave the essential planning roles under-attended.

Restructuring Scenarios for External Services

A large group meeting involving the personnel from Planning, Public Works, Waste Water Treatment and Engineering was held to evaluate scenarios and co-create an optimal working model for external services. *An additional service that may be added to this sector is assessing, as their most significant contact is with property owners.* Most of design in Option A is from the co-created model.

Option A: Create External Services Director

Reports to: City Administrator

Reporting to External Services Director

1. Planning and Development
2. Public Works
3. Facilities Maintenance Superintendent
4. City Engineer
5. Waste Water Treatment
6. *Community Education Coordinator *Contracted with school and also reports to Administrator

Discussion

The external services grouping have a number of interdependent relationships happening on a daily basis. Their missions should be in alignment and they would benefit by working as a cohesive group even more than they are now. Some of the suggestions include shrinking areas and expanding others. I recommend highly that all shrinkage occur through attrition (including early retirement) or reassignment; otherwise, a negative impact on employee moral would be likely.

Staffing

- *Form and Hire **Community Services Director** (Formerly External Services Director)*
This position would be outside of a bargaining unit and would report directly to the City Administrator. The position would require significant experience in community development and supervision with a background in engineering, community development, or city management.
- *Hire Engineer*
Option A allows the engineer to spend more time directly on design and coordination of projects. The engineer hired would have a more narrow focus that would allow them to take on more projects and contract out less work. The engineer would be able to have more time for staff development and direction and supervision of external work.
- *Complete staffing of Engineering Department*
The Engineering Department will be fully functional with the *restored compliment* of technicians and surveying. As engineering staff left the City, people were not hired back as work was contracted out and positions remained unfilled. A complete complement of staff will be able to handle requests and assist the Public Works personnel in a timely fashion. The only new position recommended is a Geographic Information System (GIS) specialist who can help link the County GIS system with City information. This information system will help staff across the City do their jobs quicker and with better information.

- *Senior Planner*
There would no longer be a need for this to be a director level position. There are also other alignment possibilities by shifting more Economic Development responsibilities to the EDC. The EDC could also assume some responsibility for Airport duties in place of the planner. This would eliminate the need for 2 planners.
- *Airport functions reassigned away from planning*
Under option A, the planning department could operate with one senior planner provided Airport functions were assigned elsewhere. One option (discussed with EDC Chair) would assign some of the duties to the EDC as they can market the value of the Airport as an economic development tool.
- *Create Facilities Maintenance Supervisor*
No one is currently coordinating the maintenance and upkeep of the City's 12 major facilities. There are enough facilities in the City to warrant a designated person to coordinate staffing and/or contracts, scheduling of routine maintenance, CIP development, scheduling of major repairs (roofs, HVAC, etc.), and assisting with insurance. I recommend looking at the Public Works personnel for a promotion to this position. I would also recommend that the person not be replaced; however they would remain available if needed for weather emergencies.
- *Review Contracting Options*
Contracting for services such as street sweeping by an outside contractor has not been fully vetted. As personnel retire, some specialty services that the private sector can do should be reviewed. The process of reviewing the options must be fully outlined with expectations and scope clearly defined. It is inevitable that research outcomes will vary significantly depending on the assumptions made. Whatever the decision on outsourcing, I strongly recommend that individuals or units impacted be fully involved and their jobs held until a vacancy occurs.
- *Coordination and cross-training needed*
Reducing the Public Works personnel will require other personnel to help during weather related emergencies. I recommend that facility maintenance personnel be cross-trained in snow plowing and handling of summer storm related duties involving heavy equipment. The close ties the two units will share should make this a fairly comfortable role. Another option is to reduce the performance expectations of the crew as they perform.

Option A: Organization Structure for External Services



Option B Public Works Director/City Engineer

Reports to: City Administrator

Reporting to Public Works Director

Public Works Superintendent

Reporting to Public Works Superintendent

Building maintenance foreman

WWTP Superintendent

Engineering Staff

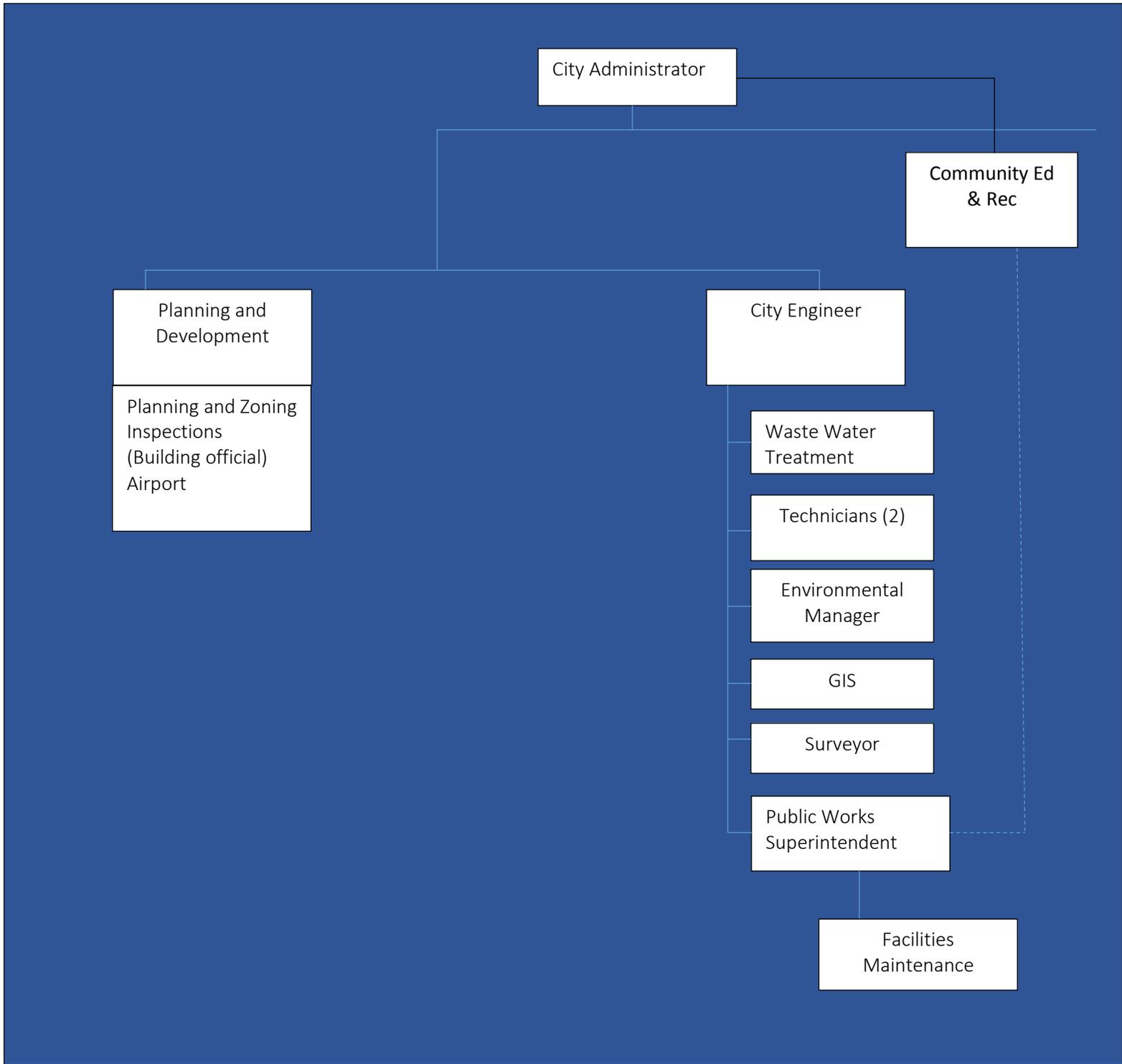
Discussion

The external services groupings would essential stay the same. A Public Works Director would take on the responsibility of coordinating the Engineering Staff, supervising the Public Works Superintendent and WWTP Superintendent and overseeing consulting contracts. I do not recommend this alignment as it would not allow the Director much time to do engineering work. The only way a significant amount of engineering could be done, would be for the City to add another civil engineer to concentrate on that alone.

Staffing

- *Hire Public Works Director*
This position would be part of a bargaining unit and would report directly to the City Administrator. The position would require significant experience in Public Works and Engineering.
- *Hire Engineer*
Option B will work if the City also hires an engineer to spend more time directly on design and coordination of projects. The engineer hired would have a more narrow focus that would allow them to take on more projects and contract out less work. The engineer would be able to have more time for staff development and direction and leave the supervision of external work to the Public Works Director.
- *Complete staffing of Engineering Department*
The Engineering Department will be fully functional with the restored compliment of technicians and surveying.
- The rest of Option A would also apply.

Option B: Organization Structure for External Services



Internal Services

For the purposes of this report, internal services are defined as services primarily delivered by city employees to augment the efforts of external services staff. The services include Information Technology, Finance and Clerk. The services and functions are as follows.

Finance	Information Technology (IT)	City Clerk-Treasurer
<ul style="list-style-type: none"> • Finance and Investments • Assist with budget development • Monitors budget and cash flow • Financial reports • CIP • Labor negotiations • Accounts payable • Accounts receivable • Payroll • Grants • Utility billing • Human Resources (<i>Benefits for employees</i>) 	<ul style="list-style-type: none"> • Hardware purchases, maintenance, set-up • Software installment and maintenance • Computer system troubleshooting • Computer training • Cell Phone management • WRAC 	<ul style="list-style-type: none"> • Human Resources (<i>Insurance record management-contracts</i>) • Assessing • Elections • Records retention • Licenses and permits • Risk management • Safety • Treasury • Investments • Monitor cash flow

Current State

The areas of Finance, Clerk and IT have been relatively stable compared with the changes being experienced with external services though a few reporting changes have been made over the past year. IT now reports directly to the City Administrator and WRAC now reports to the IT director.

Discussion

Human Resources Management (HR)

HR management is a shared responsibility of all departments, but the bulk of responsibility is divided between the Administrator, Finance, and the Clerk-Treasurer. Insurance, personnel record management, testing, performance evaluation system components, payroll, employee longevity, contract negotiations and other HR duties are some of the activities that are scattered throughout the City. The current system is confusing and time consuming for any employee needing information or answers for HR related questions.

Another concern is the complexity of HR law and the current need for the City Attorney to review a wide variety of employee related issues. A trained HR specialist could handle nearly all the work being forwarded to the attorney for review as well as the HR functions being assumed by Administration, Finance, and the Clerk.

Finance Duties

The Clerk-Treasurer has a number of functions that could fit easily with the Finance Department including assessing and treasury functions (investments, cash flow monitoring and insurance contracting). The Clerk-Treasurer position can be phased out once there is a retirement or buy-out with the title of City Clerk remaining.

Record Management

The City has responsibility for a tremendous amount of records [property, elections, council and commission meetings, infrastructure plans, petitions, personnel, training, etc.]. The records are currently scattered in paper and electronic form throughout the City. Many of the records are duplicated so various departments can have access to the same information.

Restructuring Scenarios for Internal Services

A design meeting was held with the department directors to review internal services and the various components that impact the entire staff. The meeting task was to look into the future and co-design an 'optimally functioning' organization. The criteria for design included efficiency of work flow, customer service, increasing accuracy and long-range sustainability.

Sharing or Combining Services

Brimeyer Fursman personnel met with County, School, Municipal Utilities and Hospital Administrators to review current relationships and discuss options for additional joined services. There is a close relationship with the School with recreation services provided by the School District with shared field use. Likewise, the County and City share law enforcement space and have combined economic development efforts. Further exploration in the areas of HR, Engineering, and Assessing was conducted with other entities.

Assessing: The City and Kandiyohi County had come very close to an agreement on Assessing moving from the City to the County in July, 2011. The City pulled out of the arrangement after further analysis. The proposed move caught the assessing staff and others who use their calculations by surprise. The personnel were not part of the original discussions. When we raised the idea of merging with the County again, it was suggested that the timing is bad and the savings would be negligible to the taxpayer (it would shift from City to County – but costs would not go down). At this point, the City has no partner to take over the Assessing functions.

HR: Discussions were held on HR services with the County, School, Hospital and Municipal Utilities. (See HR discussion on the following page). The HR functions are at capacity with the Hospital, School, and County. None have the capacity to contract with the City, and the particular laws and benefits covering employees would require re-tooling personnel to accommodate the City's needs. Therefore, the only viable partner for HR is the Municipal Utility.

Internal Services Recommendation

Option 1. 3-Department Model

Reports to: City Administrator

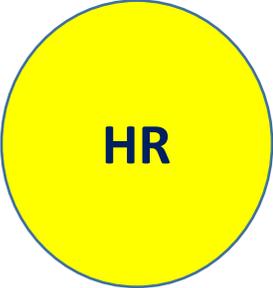
- Director of Information Technology
- Finance Director
- HR Director

Discussion

The 3-Department model for internal services involves creating an HR department, eliminating the Clerk-Treasurer department and making permanent, the current IT reporting structure. As with external services, some of the suggestions include shrinking areas and expanding others. I recommend highly that all shrinkage occur through attrition (including early retirement) or reassignment; otherwise, a negative impact on employee moral would be likely.

3-Department Model - Finance

Staffing: Finance Department to include Clerk-Treasurer responsibilities

Current Model Finance	New Model Finance	Current Model Clerk-Treasurer
<ul style="list-style-type: none"> • Finance and Investments • Assist with budget development • Monitors budget and cash flow • Financial reports • CIP • Accounts payable • Accounts receivable • Payroll • Grants • Utility billing <p>Functions provided by Finance moving to HR</p> <ul style="list-style-type: none"> • Human Resources (Benefits for employees) 	<p>Financial Management</p> <ul style="list-style-type: none"> • Assists in issuance of bonds to meet capital project needs • Banking relations • Assessing • Calculation of local tax levy • Debt service analysis • Budgeting assistance including financial analysis and forecasting including CIP • Grant maintenance <p>Accounting</p> <ul style="list-style-type: none"> • Periodic and annual reporting of operations • Accounts payable • Payroll • Accounts receivable/Billing • Fixed assets <p>Treasury</p> <ul style="list-style-type: none"> • Protection of city financial assets • Cash management to meet long-term and short-term needs • Investment of funds <p>Clerk</p> <ul style="list-style-type: none"> • Elections • Licenses and Permits • Data practices 	<p>Moves to Finance</p> <ul style="list-style-type: none"> • Assessing • Elections • Records retention • Licenses and permits • Treasury • Investments • Monitor cash flow <p>Functions provided by Clerk moving to HR</p> <ul style="list-style-type: none"> • Risk management • Employee Safety • Human Resources (Insurance record management-contracts) 

This model has Finance absorbing many of the functions of the Clerk-Treasurer while relinquishing HR duties. The City Clerk would report directly to the Finance Director. The Clerk-Treasurer position is eliminated.

3-Department Model *Communications Director - Information Technology (IT)*

Staffing: Communications Director

Includes some Record Retention duties from Clerk-Treasurer

Communications Director

- Computer and technology support services to city employees
- Provide network and software support
- Website development and maintenance
- Administering the cable television franchise (WRAC)
 - Helping civic and community groups with cable television video production
- Cell Phone Management
- Assist with producing city publications
- *Imaging official city records (new)*
- *Maintaining supplies and office equipment (new)*
- *Coordinate Geographic Information Systems (GIS) linkage to other City functions (new)*

Discussion

IT personnel currently assist with the computer and technical support to employees and supervise WRAC and web development. A new electronic records management system would be introduced across the City for the wide variety of records being produced and archived in paper form. The system would save users considerable time and space once it is operational. The internal and external communication pieces are growing and trending upward in importance.

3-Department Model: *HR*

Staffing: HR Director

Includes taking on duties of Administration, Finance and Clerk-Treasurer

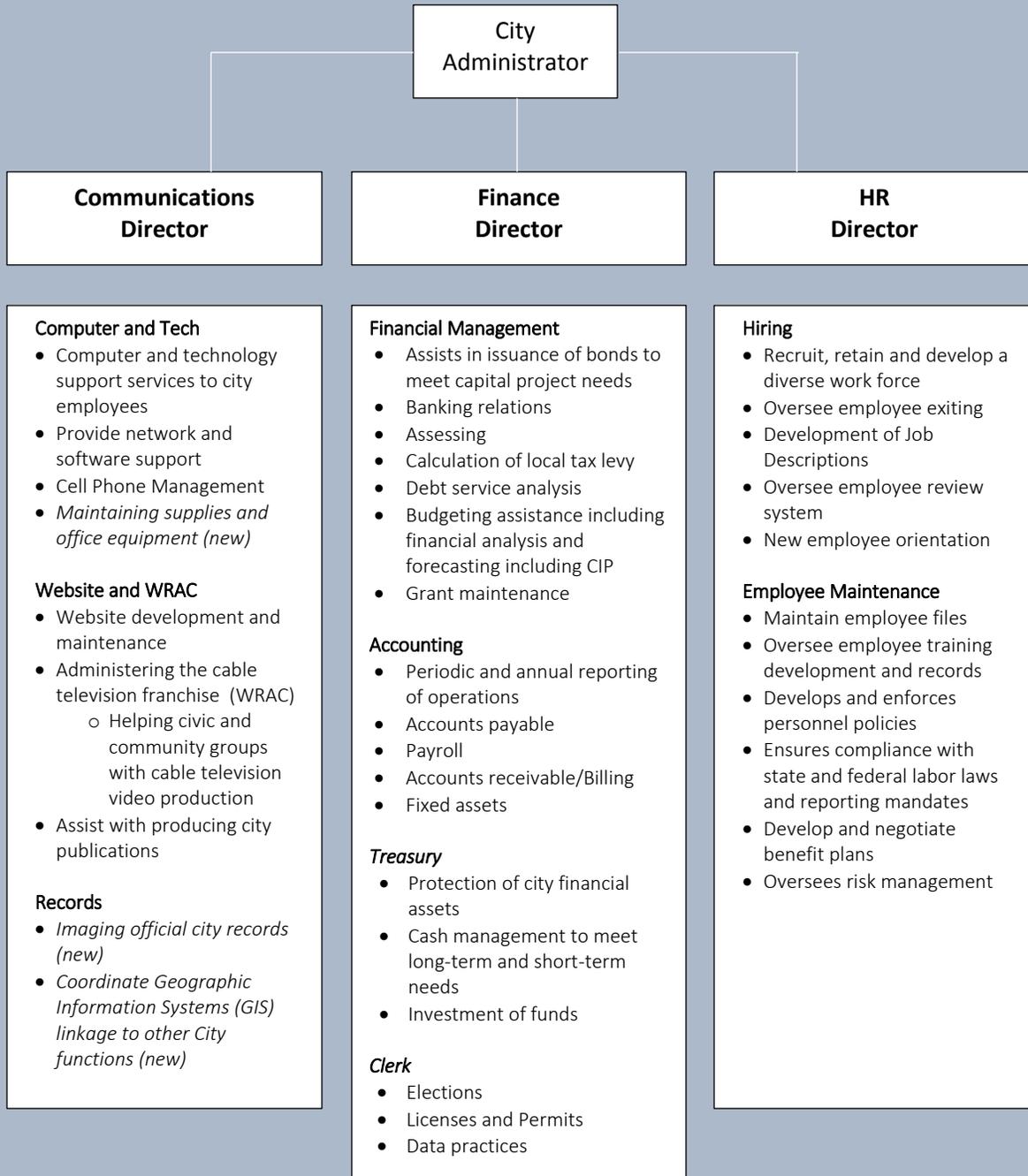
HR Director – For City Hall and Public Utilities

- Recruit, retain and develop a diverse work force
- Oversee employee exiting
- Development of Job Descriptions
- Oversee employee review system
- New employee orientation
- Maintain employee files
- Oversee employee training development and records
- Develops and enforces personnel policies
- Ensures compliance with state and federal labor laws and reporting mandates
- Develop and negotiate benefit plans
- Oversees risk management

Further Discussion on County Involvement

Our team spoke at length with Kandiyohi County for the purposes of exploring shared services. One of the services investigated was HR. The County has one HR person who handles a significant workload at the County. It was determined that the County could not take on the HR responsibilities of the City without considerable expense. Also, the types of benefit packages and the policies governing employees would require the County to re-tool and hire additional staff. The City would not realize the full benefit of the HR position if the person was housed at the County. The costs to contract with the County would be just as high to the City as hiring an in-house HR Director. In brief, while the County is interested in collaborating on service delivery when it makes sense economically and strategically, there is no apparent benefit to the City or the County with either cost reduction or service enhancement with sharing HR duties.

Internal Services Organization Chart Option 1



Total number of new internal services employees = 0

Organization Chart Complete Option 1

City Council

City Administrator

Administrative Assistant

Community Ed

Community Services Director

Planning – Zoning
 Building
 Inspections
 Airport
 Econ Dev

WWTF

Public Works
 Parks
 Infrastructure

Facilities Maintenance
 12 Buildings

Engineering
 Surveying
 Design
 Environment
 Inspections
 GIS

Police Chief

Patrol
 Crime Prevention
 Investigations
 Emergency Prep
 DARE
 Enforcement

Fire Chief

Fire Suppression
 Fire Prevention
 Education
 Emergency Prep
 Investigations

Communications Director

Computer and Tech
 Website and
 WRAC
 Records

HR Director

Hiring
 Employee – Maintenance
 Personnel Polices
 Negotiations
 Risk management

Finance Director

Financial Management
 Treasurer
 Clerk
 Accounting

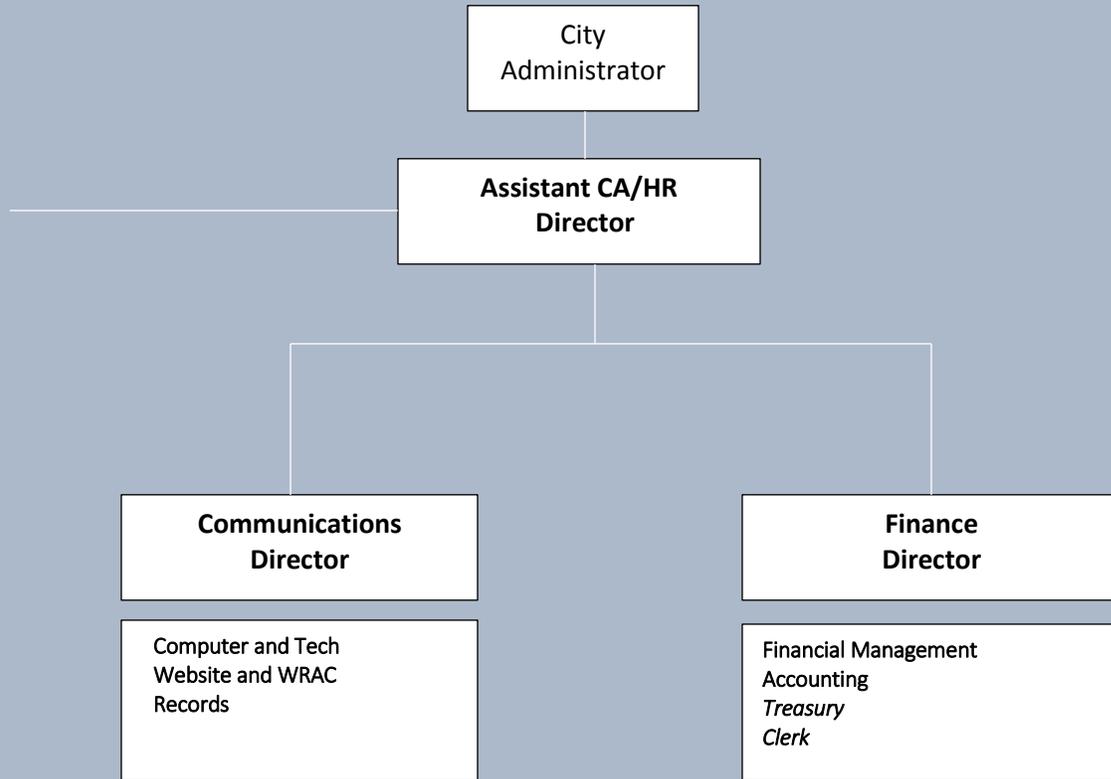
Personnel Changes

- 1. Planning/Zoning (-1)
 - 2. Facilities Maintenance (+1)
 - 3. PW (-1)
 - 4. Engineering (Assuming original staffing strength) (+1)
GIS
 - 5. Public Services Director (+1)
- Net Impact on staffing levels if hiring GIS is +1*

Personnel Changes

- 1. Clerk-Treasurer (-1)
 - 2. HR Director (+1)
- Net Impact on staffing levels = 0*

Internal Services Organization Chart Option 2



Option 2 enhances the position of HR Director to that of Assistant City Administrator/HR. Finance and Communications would report directly to the CA/HR Director.

Advantages: This would create an exempt position and create a tighter management team. The Administrator's span of control would be reduced, leaving more time each report, the council, and outreach to other employees.

Total number of new internal services employees = 0

Organization Chart Complete Option 2

City Council

City Administrator

Administrative Assistant

Community Ed

Community Services Director

Planning – Zoning
 Building Inspections
 Airport Econ Dev

WWTF

Public Works
 Parks Infrastructure

Facilities Maintenance
 12 Buildings

Engineering
 Surveying Design
 Environment Inspections
 GIS

Police Chief

Patrol
 Crime Prevention
 Investigations
 Emergency Prep
 DARE
 Enforcement

Fire Chief

Fire Suppression
 Fire Prevention
 Education
 Emergency Prep
 Investigations

**Assistant CA
 HR Director**

Communications Director

Computer and Tech
 Website and WRAC
 Records

Finance Director

Financial Management
 Treasurer
 Clerk
 Accounting

Personnel Changes

- Planning/Zoning (-1)
- Facilities Maintenance (+1)
- PW (-1)
- Engineering (Assuming original staffing strength) (+1)
- GIS
- Public Services Director (+1)

Net Impact on staffing levels if hiring GIS is +1

Personnel Changes

Clerk-Treasurer (-1)
 HR Director (+1)

Net Impact on staffing levels = 0

Structural Summary

The reorganization is designed to have a high impact on productivity with the addition of only one employee. The HR position will take workload away from all departments and especially Finance and Administration. The Clerk-Treasurer position will be absorbed as a result into Finance.

The recommended external services model will substitute the External Services Director for the Planning Director. Assuming Engineering is functioning at full capacity, the only additional employee in the entire scheme is a GIS specialist. Given the current data on Engineering Fees for work that would be done in-house (records indicate over \$300,000 in the past 7 months) it is probable that the proposed changes in Engineering will either be cost neutral or save the City money depending on the year. Another reasonable assumption would be Public Utilities paying for a share of the new HR position for their services.

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