

PIA Committee

From: Jim or Belinda <2jbhome@hawaiiintel.net>
Sent: Tuesday, June 28, 2016 5:12 PM
To: PIA Committee
Subject: TESTIMONY related to the legality of proposed action
Attachments: TESTIMONY PIA item 10(16)) mtg 06_28_16.odt; KAUAI COUNCIL MANAGER STUDY 01_04_16.pdf

Hello,

Today the Maui News carried a story that reported on Monday's meeting of this Committee.

I am submitting additional written testimony on this item 10 (16) a. I attach here a copy of the study provided the Kauai Council by the sub-committee. It is the report to the Council of Kauai that is referenced in my comments. It is long and my reference is to unnumbered page 9 give or take one as the page numbers were not provided.

Please provide the attached written comments and pages referenced in it.

Thank you
Jim Smith
06/28/16

Jim Smith
99 Kapuai Road
Haiku, Maui, Hawai'i 96708

June 28, 2016

Chairperson Michael Victorino and
Members of the Policy and Intergovernmental Affairs Committee

TESTIMONY: related to compliance with Article 14 Charter Amendment ,
Section 14-3 **Mandatory Review** (Item 10 (16) and another
the Kauai Study of the manager/council structure.

There are two concerns that I request you consider prior to action on
the Resolution that is before this Committee and identified at Item 10-(16):

1.

Our Charter specifies that at intervals of 10 years the Mayor with the approval of council shall appoint a charter commission composed of eleven members to study and review the operation of the government of the county to propose amendments or draft a new charter in the manner herein above set forth (Amended 1992).

The mayor did not appoint members of the group that provided to this Council a new Charter. The Council is not authorized to present to the voters a new charter as is proposed at Item 10 (16) a. The affect is to render meaningless the requirement that a Charter Commission be appointed by the Mayor, also it appears frivolous as it can be replaced by any of two other, one option being the creativity of the Council Chair.

This Council is asked to nullify an existing provision of our Charter. If any of the provisions could be used in place of another, that makes the inclusion of any a formality and illegal. I request you seek a written opinion of Corporation Counsel, or appoint a special counsel to provide that service.

2.

Today, in the Maui News in an article related to Monday's meeting

reference is made to the State Attorney General having a concern regarding the proposal to establish a manager/ council structure on Kauai.

It is important to note that the special committee indicated that it reviewed a memorandum submitted by the sub-committee of the Committee of the Whole but nothing appears in their report or findings that uses its information. In that Kauai report at page 9 (unnumbered) reference is made to the fact that the term Mayor is used in 47 provisions of the Hawaii Revised Statutes among the Hawaii Administrative Procedures Act; Hawaii State Plan and HRS 343.

And this circumstance is not reflected or addressed in the resolution justifying a conclusion that the structure proposed is legal. It is left to the reader to presume. My presumption is not good enough, yours however defines governance. I request you review the Report prior to final action provided here as appendix A (attached to the email transmitting this testimony)

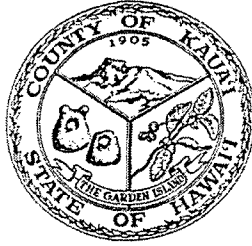
Thank you so much

signed: Jim Smith

Dated: 06_28_16

COUNTY COUNCIL

Mel Rapozo, Chair
Ross Kagawa, Vice Chair
Mason K. Chock
Gary L. Hooser
Arryl Kaneshiro
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MEMORANDUM

January 4, 2016

'16 JAN -5 A7:55

TO: Mel Rapozo, Council Chair
and Members of the Kauai County Council

FROM: Mason K. Chock, Councilmember

OFFICE OF
THE COUNTY CLERK
COUNTY OF KAUAI

**RE: REQUEST FOR AGENDA TIME TO PRESENT THE FINAL
REPORT OF THE COUNTY MANAGER SUB-COMMITTEE AS
ESTABLISHED IN RESOLUTION NO. 2015-50 - RESOLUTION
TO ESTABLISH A COUNTY MANAGER-COUNCIL
SUB-COMMITTEE OF THE COMMITTEE OF THE WHOLE TO
OBTAIN INFORMATION REGARDING THE COUNTY
MANAGER-COUNCIL FORM OF MUNICIPAL GOVERNMENT**

This is to request agenda time at the January 13, 2016 Council Meeting, to present the final report of the County Manger Sub-Committee of the Committee of the Whole. Attached, please find the report of the County Manager Sub-Committee of the Committee of the Whole that was submitted on January 4, 2016 in accordance with Resolution No. 2015-50.

Should you have any questions, please feel free to contact me.

PM:aa

Attachment

cc: January 13, 2016 Council Meeting Agenda

January 4, 2016 (pm)

RE: Resolution No. 2015-50

Honorable Mel Rapozo
Chair, Committee of the Whole, Kaua'i County Council
County of Kaua'i
State of Hawai'i

Dear Sir:

Your County Manager-Council Sub-Committee to the Committee of the Whole, to which was referred Resolution No. 2015-50, which is:

“RESOLUTION TO ESTABLISH A COUNTY MANAGER-COUNCIL SUB-COMMITTEE OF THE COMMITTEE OF THE WHOLE TO OBTAIN INFORMATION REGARDING THE COUNTY MANAGER-COUNCIL FORM OF MUNICIPAL GOVERNMENT,”

begs leave to report as follows:

I. Introduction.

This Sub-Committee was tasked with investigating and gathering information regarding the various forms of County Manager-Council municipal government, the costs and benefits of the Mayor-Council and County Manager-Council Municipal government, and the feasibility of implementing a County Manager-Council system in the County of Kaua'i.

II. Forms of Government.

A. The Mayor-Council system.

Under The Charter of the County of Kaua'i, the Mayor is the Chief Executive Officer of the County. The Mayor supervises all Departments and coordinates all administrative activities.

The Mayor serves a four (4) year term and may serve two (2) consecutive full terms. The Mayor must be a “citizen of the United States not less than thirty (30) years of age who has been a duly qualified resident elector of the county for at least three (3) years immediately prior to his election.”

Under the current Charter, the County Council has the legislative power, including enactment of the annual operational and capital expenditures budget. The Council is also tasked with providing “sufficient revenue to assure a balanced budget.” Except for investigations conducted under Section 3.17 of the Charter, the Council is prohibited from dealing directly with or giving orders to County employees directed and supervised by the Mayor.

The current Charter also provides for a Managing Director appointed by the Mayor to “serve as the Mayor’s principal administrative aide” and oversee the administrative functioning of all administrative departments.” The Managing Director must be at least thirty (30) years of age, a resident of Kaua’i for three (3) years, with “at least a Bachelor’s Degree in Public Administration, Business or a related field and “at least five (5) years experience in an administrative or managerial position.” The Managing Director must attend Council and Committee Meetings upon request and “provide information and reports as they may require.”

B. The Council-Manager system.

In the typical Council-Manager system, the Council, elected by the voters, appoints a Professional Manager to administer the programs and policies enacted by the Council. The Manager appoints and supervises the Department Heads, who in turn hire and supervise the employees in their respective Departments.

1. Selection and removal of the county manager

The International City/County Management Association (ICMA) issued “Recruitment Guidelines” (attached hereto as Appendix 1). According to the ICMA, the Council must develop an “administrator profile” that defines what the members are looking for in the ideal candidate, determine the geographic scope of the recruitment and determine the Manager’s salary. The Council also has to decide whether to engage community members in the process. The ICMA describes three ways to recruit a Manager: conduct the recruitment in house, retain a consultant or use a hybrid approach. In deciding on the method, the council should consider time consumption and complexity of the process.

The ICMA recommends that applicants submit resumes instead of using a standardized application form, as this allows flexibility and gives insight into an applicant’s ability to organize and present written material. The ICMA stresses candidate status notification and confidentiality.

When all applications are received, the Council reviews the applications, conducts background checks, and determines the candidates to be interviewed. The council then conducts the interviews and makes its selection.

In addition to its recruitment guidelines, the ICMA has developed a code of ethics and guidelines. The former is attached hereto as Appendix 2 and the latter as Appendix 3. George B. Cuff & Associates have authored a Code of Ethics and Conduct for Councilmembers. It is attached hereto as Appendix 4.

2. Duties of the County Manager

In an article authored by George B. Cuff & Associates Ltd., the Manager or Chief Administrative Officer is the Council's "principal policy advisor". The Manager assists the Council by, among other things, providing written advice on issues, including recommendations as to the appropriate action that the Council should take; identifying concerns of the residents; ensuring that the services of County government are clearly defined and aligned with the expectations of the residents; hiring Department Heads; reviewing and approving new positions; ensuring that the finances of the County are being properly managed and developing effective administrative procedures. A copy of the article is attached hereto as Appendix 5.

3. Duties of the Council

George B. Cuff & Associates Ltd., recommends that the Council and Manager enter into a covenant that spells out the obligations of the parties (attached hereto as Appendix 6). It is essential that the Council:

- Have a "comprehensive orientation" to the Council's duties,
- Make decisions that it believes to be in the best interests of the majority of citizens while recognizing that decisions must reflect the needs and voices of the minority,
- Review the background information and advice made available by the administration prior to rendering a decision,
- Seek further input when the Council is unsure of the issues or uncertain as to the preferred course of action, and

- Refer any complaints, either written or verbal, about the decisions of the Council or the actions of Administration, to the manager for review, comment and follow-up (as appropriate).

4. Duties of Mayor

Jurisdictions with both an appointed Manager and elected Mayor vary in the powers and duties that are given to the latter. For example, in Tucson, Arizona, the Mayor is elected at-large and presides over the Council Meetings. The Mayor votes on legislation, but does not have veto power. In Long Beach, California, the Mayor is the Chief Legislative Officer and has the power to veto actions of the Council. The Mayor presides over Council Meetings and may participate in deliberations but has no vote.

III. Costs and Benefits of the Council-Mayor and Council-Manager Systems.

A. The Council-Mayor system.

The costs associated with the Council-Mayor system are twofold. First, there are the items budgeted annually for the Mayor's office, including the salaries for both the administrative and non-administrative staff. The current budget allots nine hundred thirty-one thousand fifty-six dollars (\$931,056) for salaries in the Mayor's office. Second, there are costs that are incurred due to inefficiency or mismanagement.

A Council-Mayor system stresses the checks and balances resulting from the separation of power between the Executive and Legislative branches of government. Under this system, political power is diffused between elected bodies, unlike a Council-Manager system, where political power is concentrated in the Council. In concept, a democratically elected Mayor is directly accountable to the voters.

B. The Council-Manager system.

The costs associated with the implementation of a Council-Manager system would include the retention of a consultant to assist in redrafting the Charter, a possible special election, and the cost of resolving any legal challenge to the proposal. As the extent of the revisions are undetermined, it is difficult to gauge the cost of such an engagement.

In addition, the cost of the Manager and the staff need to be considered. According to a survey conducted by the ICMA, municipalities of similar size and with similar populations pay their managers an average of between one hundred forty thousand dollars (\$140,000) and one hundred seventy-five thousand dollars (\$175,000). This pay varies depending on the labor market, cost of living and competitive nature of the position. The staff size of the manager also varies greatly, depending on the size of the county and its responsibilities.

A Manager system of government stresses the value of efficiency and organizational operation that is found in corporate management. Under this system, administrative authority is centralized in a Manager whose job depends on excellence in the management of the administration and the delivery of public services. The Manager implements the policies of and is accountable to the Council. The Council must therefore select the best qualified person to be the Manager and protect the manager from political influences.

Under a Manager system, political power is concentrated in one (1) governing body. Both the Mayor and Council share the legislative function, which, in theory, eliminates power struggles. According to an article prepared by the California City Management Foundation and ICMA, the International City/County Management Association (Revised 2009):

Under Council-Manager government, qualifications and performance—and not skillful navigation of the political election process—are the criteria the elected body uses to select a professional manager. The Professional Manager, in turn, uses his or her education, experience, and training to select department heads and other key managers to oversee the efficient delivery of services. In this way, Council-Manager government maintains critical checks and balances to ensure accountability at city hall.

Functioning much like a business organization's Chief Executive Officer, the appointed Professional Manager administers the daily operations of the community. Through a professional staff, the Manager ensures the effective provision of services and enforces the policies adopted by the elected body. He or she, in turn, uses merit as the leading criterion for making all hiring and personnel decisions.

A white paper prepared by IBM entitled "Smarter, Faster, Cheaper: An Operations Efficiency Benchmarking Study of 100 American Cities", notes that "Cities with City Manager forms of government are nearly ten percent (10%) more efficient than cities with strong Mayor forms of government" and "that investing executive authority in professional management shielded from direct political interference should yield more efficiently managed cities. The paper is attached hereto as Appendix 7.

Academic literature vary in its findings with regard to the effectiveness of the Manager (as opposed to Mayor) systems. For example, in an analysis of seventy-five (75) research articles conducted by Jered Carr (Public Administration Review, Vol. 75, No. 5) the author found that the evidence did not support the proposition that the Council-Manager governments produce higher-quality services than Mayor-Council governments or that Council-Manager governments are more effective in performing the basic functions of government than Mayor-Council governments.

In addition, in a study conducted by Kevin Deno and Stephen L. Mehay in the Southern Economic Journal, it was determined that factors exogenous to the system of government (such as unions) affect efficiency. It further concluded that spending on common functions such as fire and police protection, sewers and highways was not affected by the form of government.

Similarly, a study done by Kathy Hayes and Semoon Chang examined expenditures for municipal services, such as police, fire and refuse collection, and found no difference between the relative efficiency of manager and Mayor forms of government. Another study conducted by Kevin Duffy Deno and Douglas R. Dalenberg in the National Tax Journal found that municipalities with elected Mayors actually performed better than municipalities with appointed Managers.

IV. Feasibility of implementation.

In order to implement a council-manager system, The Charter of the County of Kaua'i will need to be re-written. For example, Section 7.05 of the current Charter grants the Mayor the following powers and duties:

A. Except as otherwise provided, exercise direct supervision over all Departments and coordinate all administrative activities and see that they are honestly, efficiently and lawfully conducted.

B. Appoint the necessary members of his staff and other employees and officers whose appointments are not provided herein.

C. Create positions authorized by the Council and for which appropriations have been made, or abolish positions, but a monthly report of such actions shall be made to the Council.

D. Make temporary transfers of positions between Departments or between subdivisions of Departments.

E. Recommend to the Council for its approval a pay plan for all officers and employees who are exempt from Civil Service and the position classification plan and who are not included in Section 3-2.1 of the Kaua'i County Code 1987, as amended.

F. Submit operating and capital budgets, together with a capital program annually to the council for its consideration and adoption.

G. Sign instruments requiring execution by the County, including deeds and other conveyances, except those which the director of finance or other officer is authorized by this Charter, Ordinance or Resolution to sign.

H. Present messages or information to the council which in his opinion are necessary or expedient.

I. In addition to the annual report, make periodic reports informing the public as to County policies, programs, and operations.

J. Approve or veto Ordinances and Resolutions pertaining to eminent domain proceedings.

K. Have a voice but no vote in the proceedings of all Boards and Commissions.

L. Enforce the provisions of this Charter, the Ordinances of the County and all applicable laws.

M. Exercise such other powers and perform such other duties as may be prescribed by this Charter or by Ordinance.

In addition to the provisions in Article VII of the Charter, the Mayor appears in 62 sections of the Charter. In re-writing the Charter, the consideration must be given to, among other issues, the selection of Department Heads, the selection of Board and Commission members, the powers and duties given to Boards and Commissions, the formulation of the budget, whether the Mayor has veto power and the role of the Managing Director.

Furthermore, David Mora, State Liaison for the ICMA, advised the Council that the best practice would be to have the Council elected to four (4) year terms by district, with the terms staggered. This would require amending Sections 3.02 and 3.03 of the Charter, which provides for the Council to be elected at-large and serve for two (2) year terms.

Finally, the Hawai'i Revised Statutes (HRS) makes reference to a "Mayor" in the following Chapters: 11, 12, 46, 47, 49, 50, 53, 54, 58, 76, 78, 87A, 88, 89, 89C, 91, 96, 103D, 105, 107, 125C, 127A, 128A, 128E, 138, 171, 174C, 201M, 202, 226, 246, 264, 269E, 281, 286, 290, 302L, 342G, 343, 346, 353, 367, 440G, 487N, 501, 707, and 708. These statutes grant the Mayor the authority to, among other things, negotiate development agreements; declare emergencies and suspend laws in the event of a natural disaster or other catastrophe; organize, administer and operate the County's emergency management agency; and represent the County in negotiating union contracts. While some of these statutes provide specific provisions for a Mayor to delegate the authority to others, other statutes do not. Given the numerous statutory references, it appears that at a minimum, any manager system must include a Mayor in its organizational framework.

V. Conclusion.

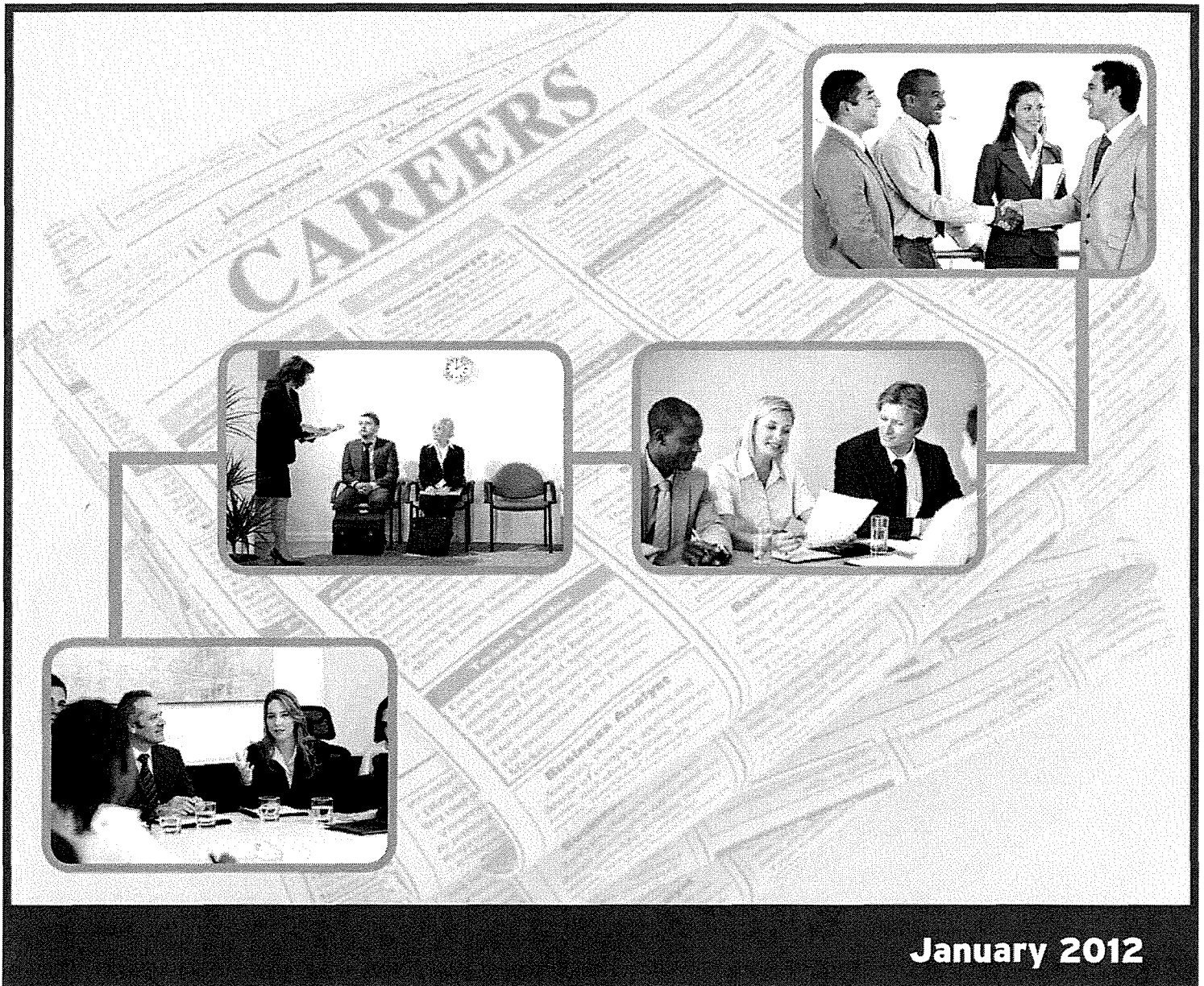
The current Charter provides for a democratically elected Mayor with broad executive and administrative powers. Under a Council-Manager system, these powers would be transferred to an administrator appointed by the elected Council, which may include a Mayor that serves as Council Chair. It is the hope of the sub-committee that the materials appended to or cited in this report will assist in deciding whether to transition to a Council-Manager system and what should be considered in proposing revisions to the Charter.

Respectfully Submitted,



MASON K. CHOCK
Sub-Committee Chair

Recruitment Guidelines for Selecting a Local Government Administrator



January 2012

ICMA

Leaders at the Core of Better Communities

C 2016-11

Recruitment Guidelines for Selecting a Local Government Administrator

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About ICMA

ICMA advances professional local government worldwide. Its mission is to create excellence in local governance by developing and advancing professional management of local government. ICMA, the International City/County Management Association, provides member support; publications, data, and information; peer and results-oriented assistance; and training and professional development to more than 9,000 city, town, and county experts and other individuals and organizations throughout the world. The management decisions made by ICMA's members affect 185 million individuals living in thousands of communities, from small villages and towns to large metropolitan areas.

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Preface

This *Recruitment Guidelines for Selecting a Local Government Administrator* was first published just over ten years ago. While a lot has changed in ten years, the basic process for selecting a chief administrator¹ has remained substantially the same. It still requires careful planning, astute evaluation of candidates, and a clear understanding of the relationship between the governing body² and the chief administrator. In this edition, however, new focus has been given to the ICMA Code of Ethics—the foundation of the local government management profession—and the emergence of the Voluntary Credentialed Manager program.

The Task Force on Recruitment Guidelines was formed in Fall 2010 and consisted of a very diverse group of ICMA members (many of whom have served on the ICMA Executive Board), Range Riders (former local government practitioners), younger members of the local government management profession, and representatives from executive search firms. From its only face-to-face meeting at the 2010 ICMA Conference in San José, this Task Force embraced the challenge of updating the guidelines. Over the next several months, we formed work groups to focus on three key elements of the process: recruitment, selection, and negotiation. After countless conference calls and emails, the new and improved *Recruitment Guidelines for Selecting a Local Government Administrator* emerged.

The Task Force consisted of the following ICMA members:

Jane Bais-DiSessa

City Manager
Berkley, Michigan

Bill Baldridge

Executive Search Committee
Former City Manager
Michigan Municipal League

Troy Brown

Assistant City Manager
Livermore, California

Garry Brumback

Town Manager
Southington, Connecticut

Charlie Bush

City Administrator
Prosser, Washington

Mike Casey

Partner
Management Partners, Inc.
Cincinnati, Ohio

Tony Dahlerbruch

City Manager
Rolling Hills, California

Ed Daley

City Manager
Hopewell, Virginia

Tim Ernster

City Manager
Sedona, Arizona

Tom Fountaine

Borough Manager
State College, Pennsylvania

¹ Chief administrator refers to a manager, administrator, or executive of a local government.

² Governing body refers to the elected officers of a town, village, borough, township, city, county, or a legally constituted council of governments.

Peter Herlofsky

Former City Administrator
Farmington, Minnesota

Kay James

City Manager
Canandaigua, New York

Dave Krings

Former County Manager
Hamilton County, Ohio
Peoria County, Illinois

Debra Kurita

Former Assistant City Manager
San Bernardino, California

Juliana Maller

Deputy City Manager
Park Ridge, Illinois

Bob Murray

President
Bob Murray & Associates
Roseville, California

Andy Pederson

Village Manager
Bayside, Wisconsin

Sheryl Sculley

City Manager
San Antonio, Texas

William Sequino

Town Manager
East Greenwich, Rhode Island

Paul Sharon

ICMA Range Rider, Florida
Former Town Manager
Ashland, Massachusetts
North Andover, Massachusetts

Scot Simpson

City Administrator
River Falls, Wisconsin

Charlene Stevens

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Willmar, Minnesota

Larry Stevens

City Manager
Edmond, Oklahoma

Bill Taylor

Field Services Manager
Municipal Association of South Carolina
Columbia, South Carolina

Michael Van Milligen

City Manager
Dubuque, Iowa

Melissa Vossmer

City Manager
Angleton, Texas

Michael Willis

General Manager
Shellharbour City Council
New South Wales, Australia

Special appreciation is extended to Tom Fountaine for serving as the negotiation section chair; Peter Herlofsky, selection section chair; and Debra Kurita, recruitment section chair. Debra Kurita deserves special recognition as she labored many hours converting writing styles and formats into one consistent, easy-to-read document. On behalf of ICMA, I am grateful for the active engagement of each Task Force member. Special thanks to Jared Dailey of the ICMA staff, who assisted in the overall coordination of the Task Force.

It is the hope of the Task Force that this guidebook is promoted and distributed to those who are in the environment to hire a chief administrator for a community. To the governing body representatives who use this guidebook, we thank you for your service to your communities and wish you every success in finding the professional local government manager to help you guide your community to be the best it can be.

In closing, it has been my privilege to have served as the chair of this Task Force.

Bonnie Svrcek
Deputy City Manager
Lynchburg, Virginia

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1. Introduction

"Thousands of decisions are made every day in cities, towns, and counties that determine our quality of life.... Professional managers craft the plans and make the decisions that transform good communities into great ones.

—International City/County Management Association (ICMA)

Selecting a chief administrator is perhaps the most important decision that elected local officials will make for their community.

This guidebook was created by experienced, seasoned local government managers. It is designed to help elected officials, human resource professionals, local government staff, and professional executive search firms navigate the recruitment, selection, and negotiation processes to find the individual who is best suited to serve as the chief administrator. The chief administrator is like an orchestra conductor, directing and managing a team of professional, administrative, and field staff while interpreting and working toward the goals and objectives of the community's elected officials.

This guidebook offers best practices that will be most meaningful to you and your community in selecting a chief administrator. Because all communities, governing bodies, and chief administrators are not the same, this is not a "one size fits all" guidebook. Nevertheless, the local government managers who created this document are firmly committed to the ICMA Code of Ethics, which is a non-negotiable foundation for professional local government management, and strongly recommends that the hiring governing body use the Code of Ethics as a tool in its search for a professional local government manager. Herein, we explain recruitment choices and the selection processes to fit the unique size, culture, and dynamics of an individual community. Topics include provisions for interim management; the spectrum of resources available to assist in the recruiting process; applications, communications with applicants, and interviews; compensation; and transition. The appendices provide the ICMA Code of Ethics, ICMA Compensation Guidelines, a directory of professional organizations that are likely places to advertise for a chief administrator, potential interview questions, the do's and don'ts of applicant relations, and the ICMA Model Employment Agreement. Using this guidebook can make recruiting and selecting a new chief administrator a positive, enjoyable, and unifying experience for you and your colleagues as elected officials.

As you use this resource, you will see highlighted in the margins important points for selecting the best individual for the position.

When faced with an upcoming or immediate vacancy in the chief administrator position, the governing body must quickly address the following questions:

- What should we do to ensure that the affairs of the local government are properly administered until a new chief administrator is selected and on board?
- How do we conduct a recruitment to fill the vacancy?

The following material provides tips and guidelines on the processes that the governing body needs to employ to successfully answer these questions. It identifies and discusses the key elements of managing the organization between the time that one chief administrator departs and another arrives, as well as the major decision points in conducting the recruitment, selection, and negotiation processes for appointing the new chief administrator.

Professional local government managers are committed to

- Serving as stewards of representative democracy
- Practicing the highest standards of honesty and integrity in local governance, as expressed through ICMA's Code of Ethics
- Building sustainable communities as a core responsibility
- Networking and exchanging knowledge and skills across international boundaries
- Lifelong learning and professional development
- Financial integrity and responsibility for management of the community
- Implementing best management practices.

2. Managing the Organization during Recruitment

The governing body must act thoughtfully and deliberately in determining how to ensure that the operations of the local government are properly managed during the period before a permanent chief administrator is selected and on the job. When faced with a vacancy in the chief administrator position, the governing body needs time to carefully consider the qualities, expertise, and experience it hopes to find in a new administrator and to use the agreed-upon criteria to develop the administrator profile. It then needs sufficient time to recruit and select the best possible successor who meets these criteria. While that is happening, however, it is important that the governing body identify a professional who will act as the chief administrator and properly manage local government operations while the recruitment process is underway.

Major Decision Point: Appointing an Interim Administrator

If the vacancy is the result of a planned retirement, the governing body may consider asking the current administrator to continue leading the organization for a short period of time on a contract basis. Alternatively, the governing body may elect to consult with the outgoing administrator regarding possible staff members who could fill this role.

In some cases, the members of the governing body may agree that they have confidence in a specific staff person. If there is an assistant administrator, for example, the governing body may appoint that person as interim administrator. If this assistant will be considered for the permanent position, the appointment as interim administrator will provide the elected officials with an opportunity to observe firsthand how the assistant handles the job. Another option is to appoint an assistant or department director (who will not be a candidate for the position); someone who is mature, seasoned, competent and respected by fellow employees.

Should the governing body determine that there is no one on staff who it can or wants to appoint as the interim administrator, it may decide to retain the services of a retired administrator or an administrator who is between jobs. State associations, municipal

leagues, or ICMA Range Riders are resources for identifying potential interim administrators.

The governing body should publicly announce the appointment of the interim chief administrator. Regardless of who is appointed, it should be made clear to all local government officials and staff that the interim chief administrator is responsible for implementing governing body policy and overseeing operations. It should also be made clear that if the interim administrator is ultimately selected to fill the position permanently, it will be because that person has proven to be the best among all the applicants.

Interim Management: The Governing Body's Role

Obviously, the local government must continue to operate during the interim between the departure of the current chief administrator and the appointment of the new one. The governing body and interim management team should do whatever is necessary to make sure that important projects and service delivery continue to move forward. It is important to reiterate that the governing body has the responsibility to make it clear to the staff and community that the interim administrator is in charge of the organization's operations.

The governing body should consider deferring new initiatives, when possible, until the new administrator is appointed and on the job. After all, to ensure effective administrative leadership in the future, it is desirable that the new administrator be involved in as many policy decisions as possible. Just filling a vacant department director position, for example, is an opportunity for the new administrator to begin building an administrative team. In fact, such an opportunity can be used to pique the interest of potential applicants during the recruitment process.

Although it is not desirable for the governing body to immerse itself in the administrative affairs of the local government, its members should be briefed about current organizational problems and the status of important projects before the current administrator leaves, if possible. In this way, the governing body may monitor progress on important matters, provide direction, and set priorities for the person selected as interim administrator.

3. Initiating the Recruitment

The governing body should initiate the recruitment process immediately after the official decision has been made regarding resignation, retirement, or termination. Failure to do so can potentially generate rumors within the community by various interested parties who may attempt to exert pressure on members to quickly fill the vacancy. The members of the governing body must bear in mind that an impulsive response to this pressure can be divisive for them and can damage their credibility. They must take charge of the recruitment: they must determine the process that will be used to recruit and select the best administrator, and make that decision clear to all concerned.

There may be a number of special circumstances that influence the approach and timing used to recruit a new chief administrator. The following examples provide some tips for addressing those circumstances:

- **Vacancy due to the chief administrator's termination or resignation under pressure.** If the position is vacant because the former administrator was terminated or forced to resign, neither the local government nor the former administrator will benefit from a public quarrel. It is far better for all concerned to mutually decide on a timetable for the administrator's departure. If this departure is handled professionally and in a mutually respectful manner, there is less likelihood for controversy and ill will to arise around the issues of the separation. Further, and from a recruiting standpoint, handling a difficult situation well will enhance the local government's image and thus its ability to attract quality applicants.
- **Vacancy occurring prior to an election.** Occasionally, a governing body will delay initiating the recruitment process because an election is pending. But even in the face of an election, it should prepare for the process by developing the administrator profile (described in full later in this document) and determining how the recruitment will be conducted so as to reduce the time lapse between the departure of one administrator and arrival of another.
- **Vacancies due to newly adopted council-manager form of government.** If the position is vacant because voters either just approved the formation of or adopted a change to the council-manager form of government, the beginning of the search for a new chief administrator will depend on when the change becomes effective. Depending on the circumstances, it may be possible to have applications on file by the time the new members of the governing body are sworn in. In any case, the recruitment process should be initiated as soon as possible.

4. Conducting the Recruitment

There are several major elements and decision points in the recruitment process. This section of the handbook provides tips and guidelines for the governing body in determining the approach to use in this part of the process.

The governing body has three major choices for conducting the recruitment. It can:

- Conduct the recruitment in-house
- Retain an outside party to conduct the recruitment
- Use a hybrid approach and conduct the recruitment in conjunction with an outside party.

In-House Expertise Method: Recruitments Conducted by the Local Government

If the governing body chooses to conduct the recruitment in-house, it should be with the understanding that the task will be time-consuming and complex. The governing body may also have to decide whether to conduct the process as a body, delegate the responsibility to the chairperson, or assign the task to a committee of its members. If it elects to delegate the responsibility to one or more of its members, it must be sure to select people who are well respected and have the time to provide the necessary leadership and follow-through.

To provide support in the process, the governing body should seek the assistance of the local government's human resources officer and municipal attorney. In conducting the recruitment in-house, staff can work with the governing body to develop the administrator profile and design an effective and legal recruitment and selection process. Staff can also be responsible for the administrative tasks of placing advertisements, collecting résumés, and scheduling interviews. However, the governing body or its delegated members will approve the selection of the final candidates and conduct the interviews, and, of course, the body as a whole will make the final selection. In this scenario, staff serve as a resource throughout the entire recruitment process.

Outside Expertise Method: Recruitments Conducted with an Outside Party

The governing body can retain an outside party to conduct the recruitment. In some cases the interim or a retired administrator may be asked to coordinate the recruitment process. More often, however, the governing body will contract with a firm that specializes in providing executive search assistance.

When using an executive search firm, the governing body plays an active role in the process. It develops the administrator profile, approves the selection of the applicants, interviews the candidates, and, of course, makes the final selection. The benefit of using an executive search firm is the expertise that the firm brings to the process and its ability to coordinate the recruitment.

Typically the executive search firm begins by meeting with the elected officials either individually or as a group to help them develop the administrator profile. It is the firm's responsibility to facilitate these discussions and help the governing body reach a consensus. After this matter has been settled, the firm coordinates the overall process and assumes responsibility for all tasks until it is time for the elected body to select and interview candidates. During this process, the firm updates the governing body, keeping the members informed of its progress. As the firm will be responsible for all the administrative details, the role of the staff is usually limited to providing information about the local government and coordinating with the firm.

Governing bodies that use an outside service should ensure that a reputable firm, one familiar with the special requirements of local government management, is selected. The experience of the firm should be checked through contact with references—in particular, representatives of local governments that have used its services. Further, the governing body should be fully aware of the costs and benefits when deciding whether to use outside expertise.

Hybrid Method: In-House in Conjunction with Outside Party

In the third alternative, the governing body can conduct the recruitment in-house and supplement the process, where necessary, with assistance from an executive search firm or another outside source, such as an the ICMA Range Rider.

In some cases, the governing body may seek assistance at the beginning of the process to facilitate the discussion, develop the administrator profile, and

determine the structure of the recruitment process. In other cases, local government officials may initiate the process in-house by developing the profile and advertising for the vacancy, and they may then use an outside source to help review résumés, conduct reference checks, and structure the interview process. This alternative may be most appropriate if cost is a concern; however, because it also presents opportunities for lapses in communication, the exact responsibilities of each party must be clarified in a written agreement.

5. Key Elements of the Recruitment Framework

Regardless of the method chosen for conducting the recruitment, the governing body must develop a framework for the recruitment process. It must agree at the outset on a number of key issues critical to the success of the recruitment, including criteria for the administrator profile, compensation range and components, and timing and geographic scope of the search.

Major Decision Point: Development of an Administrator Profile

The most significant decision point for the governing body in the recruitment of a new administrator is to define what the members are looking for—that is, to create the administrator profile. The profile will encompass those qualities, characteristics, experience, and areas of expertise that would be found in an ideal candidate. Only by considering how applicants compare and measure against one another and, of course, against the established criteria, can the governing body be sure that the candidate it appoints has the appropriate combination of work experience, management experience, and leadership style to be successful in the position.

The governing body should begin with a survey of its needs and those of the organization. To determine the needs of the organization, the governing body should invite input from the department directors. Items to be considered include size of the local government, composition of the community, services provided, and overall objectives and priorities of the governing body. The work experience, skills, and expertise of the candidates must relate to these factors. The governing body should also consider both the “nuts-and-bolts” skills and abilities, such as budgeting, human resources, and technological know-how, and the “soft” skills, such as the ability to work with people and to lead an organization. These criteria will form the basis for reviewing résumés, selecting finalists, and making a hiring decision.

Unless the governing body can come to consensus on these criteria, it may be difficult to find the right candidate. By reaching consensus, however, the governing body will be better able to inform the applicants on what it is looking for in a chief administrator.

The ICMA Voluntary Credentialing Program recognizes professional local government managers qualified by a combination of education and experience, adherence to high standards of integrity, and an assessed commitment to lifelong learning and professional development. For more information, visit www.icma.org/en/icma/members/credentialing.

Developing the administrator profile helps the governing body define its needs and establishes the groundwork for generating a rich pool of applicants with the skills and abilities to address the needs of the governing body, the community, and the organization.

Decision Point: Community Engagement in Administrator Profile

The governing body must decide whether to engage community members or committees in the recruitment process. In most cases, the local government assumes responsibility for the recruitment and conducts the process without involving members of the community.

In some cases, however, a governing body may seek input from community members or committees when developing the administrator profile. This not only allows the community to be part of the process but also may provide the governing body with a better understanding of the role of the administrator. Depending on the method that the governing body uses to conduct the recruitment, gathering input from the community would be facilitated by staff, the outside recruiter, or the elected officials.

Although community input will be valuable, the governing body will ultimately determine the qualities and experiences to be incorporated into the administrator profile, and this should be clearly communicated to the community. It is, after all, to the governing body that the new administrator will be directly reporting.

Governing bodies need to be very alert to the dangers of either hiring a clone of the outgoing administrator, assuming that person is leaving on good terms, or a polar opposite, assuming that person is leaving on less than good terms. The importance of evaluating the current needs of the governing body and locality cannot be overstated.

Major Decision Point: Administrator Compensation

Another critical element to be considered at the outset of the recruitment process is administrator compensation. It is important for the local government to have some general understanding of the acceptable salary range, but it is also important to have some flexibility. Some local governments identify a range; others provide the salary of the current administrator as an indicator; and still others may leave the salary open, to be commensurate with the new hire's background and experience. The governing body will also determine other components of the administrator's compensation, such as deferred compensation, vacation accrual, and professional development allowances.

It is important for the governing body to make clear that it wants the best administrator it can find. In general, potential applicants for the position will want to have some indication of the salary range and compensation package. But that will be only one of many factors that they will use in deciding whether to apply.

ICMA has developed compensation guidelines for negotiating salary and benefits for local government positions. These guidelines are provided in Appendix B and are also available online at www.icma.org/compensationguidelines. The actual compensation package will be negotiated with the final candidate at the conclusion of the recruitment process.

Schedule

Since top candidates often view applying for a new job as a major career decision, it is important that they have adequate time to consider the opportunity, discuss it with their families, and prepare an appropriate résumé. Similarly, the governing body, staff, or executive recruitment firm needs sufficient time to review résumés and conduct reference checks to ensure that good candidates are not overlooked and that finalists meet the desired qualifications. It cannot be overemphasized that the recruitment should move forward expeditiously while also allowing adequate time for a thorough and comprehensive search.

The timing of the recruitment can sometimes be affected by publication deadlines, which are important in terms of properly advertising the vacant position. An ideal timetable would provide **at least sixty days** from the start of the recruitment to the deadline for submitting résumés; **thirty days** to review résumés, conduct background checks, interview candidates, and make a final selection; and **at least thirty days** for the new administrator to relocate. To maximize flexibility in the process, the governing body may advertise the position with an "open until filled" statement.

Profile: Impact of Special Circumstances:

As the governing body decides on the criteria for the administrator profile, three types of situations should receive special consideration:

1. A local government that has just changed its form of government will ordinarily need an administrator who can inspire local government officials with the enthusiasm needed to implement the new structure. A first administrator in a new structure should be adept at public relations and at establishing relationships with incumbent officials and employees.
2. When an administrator has been dismissed or has resigned under pressure, the governing body tends to look for strengths in areas in which the outgoing administrator showed weaknesses. There are dangers, however, in overcompensating for qualities that have led to dissatisfaction. If the outgoing administrator gave too much freedom to subordinates, for example, suddenly changing to a strong disciplinarian might result in antagonisms that would only lead to further problems. Sometimes a new administrator will be confronted with major problems that must be addressed immediately. If such a situation is anticipated, the governing body should make these circumstances known to any applicant who is being seriously considered.
3. When a popular administrator retires or moves to another local government, the governing body may ask for this person's assistance in the search for a successor. However, the governing body should not overlook the possible need for new strengths or different qualities.

Geographic Scope

Another factor to consider in determining the recruitment framework is the geographic scope: should the search be nationwide, statewide, or regional? A broad geographic search may attract more applicants who have demonstrated an ability to manage in a complex urban environment. On the other hand, a focus on the local government's state or region may provide applicants who have a better understanding of and orientation to local problems, legal issues, financing alternatives, and similar matters. In any event, the new administrator will provide a fresh perspective on the issues and challenges facing the community and the organization.

From the applicant's perspective, it is assumed that the local government is looking for the best candidate and that all résumés, regardless of where the applicant currently works, will be reviewed carefully. The determination of the scope of the recruitment will influence the advertising and outreach strategies used.

Advertising and Outreach Strategies

In order to generate a sufficient and diverse pool of qualified applicants, the governing body should develop advertising and outreach strategies.

Advertising Campaign It is to the advantage of the local government to ensure that every professional who might have an interest in the vacant position is aware of the opportunity to apply for it. Therefore, it is important that the advertising campaign be comprehensive and include a carefully worded advertisement. This does not mean, however, that the campaign has to be extensive or expensive. Most local governments, for example, avoid advertising for an administrator in general circulation newspapers unless there is a local requirement to the contrary; this is an expensive form of advertising that does not reach the targeted audience.

More effective vehicles for advertising for chief administrators can be found with organizations that are directly related to local government. In addition to ICMA, the following sources should be considered:

- National League of Cities
- National Association of Counties
- National Association of County Administrators
- National Forum for Black Public Administrators
- International Hispanic Network
- American Society for Public Administration.

Resources at the state level include state municipal leagues, county associations, and municipal assistants organizations. Many of these organizations publish newsletters or magazines and have an online presence; the subscribers to these resources are the men and women in the public administration and local government management professions. Addresses and websites for these resources are listed in Appendix C.

Local governments have some flexibility when preparing and placing advertisements, but at a minimum, the advertisement should include the following:

- Title of the vacant position
- Name of the local government
- Population of the local government
- Amounts of the operating and capital budgets
- Number of full-time employees
- Services provided
- Statement regarding the compensation package
- Filing deadline, including any special items of information desired such as current salary and work-related references
- A brief description of key areas of interest and desirable experience and qualifications (or a reference or email link to the administrator profile)
- Indication of whether residency is required
- A timetable indicating the principal steps and time-frame for the overall recruitment
- Where and to whom to send résumés with a notation as to whether email submittals are acceptable or required
- Website of the local government.

It should be noted that some publications permit the use of display ads that incorporate the local government logo and/or graphics within an innovative format.

In addition to the advertisement, the governing body, through the staff or the executive recruiter, will usually develop a printed brochure that describes the community, the organization, and the position, as well as providing the administrator profile and the governing body's key goals and objectives.

Outreach Strategy While advertising can generate outstanding applicants and the local government should look closely at all received résumés, the governing body should supplement the advertising campaign by identifying an outreach strategy to ensure that the search extends to the widest possible pool of

qualified applicants. The outreach strategy may have a number of approaches for attracting external candidates, encouraging superior internal candidates to apply, and promoting diversity in the applicant pool.

For External Applicants Useful sources of information about potential external candidates include the current administrator, former and retired administrators, members of the local government, local government officials in adjacent communities, executive directors of state leagues, directors of university public administration programs, leaders of regional municipal assistants, and ICMA Range Riders.

When determining an outreach strategy, the governing body, in conjunction with staff or the recruiter, could consider sending letters to identified individuals advising them of the opening and inviting them to send a résumé if they are interested in the position. The correspondence should include a basic package of information describing the local government and the vacant position. For the purposes of confidentiality, all correspondence should either be sent to the applicant's private residence or marked "Personal and Confidential" if sent to the workplace.

Shortly after the letter has been mailed, a follow-up telephone call should be made to confirm that the correspondence was received, assure the recipient that it was not a form letter, indicate why the position may be a good career opportunity, and answer questions. The same deadline for submitting résumés should be used in both the advertisements and the supplemental letters of invitation.

For Internal Applicants The local government should be sure to inform its employees of the vacancy and of how and when to apply. The governing body itself may directly invite one or more employees, such as the assistant city administrator or a department

director, to submit a résumé, or it may do so indirectly through staff or the executive recruiter. Whether in-house applicants are solicited or apply on their own, it is important that they be treated in the same manner as other applicants.

It should be made clear that if an in-house applicant is ultimately selected, it is because the governing body has determined that the candidate was the best choice of all those who applied. While most applicants will receive written notification of their status, the governing body may decide to talk personally with any in-house applicant who was not selected in order to provide good communication with staff, maintain morale, and help ensure an orderly and positive transition.

For Diversity of Applicants Development of a strategy to generate a diverse applicant pool helps to ensure a broad cross-section of candidates. A rich pool with applicants of both sexes and from different races and ethnic backgrounds is beneficial because the chosen candidate will likely bring a different perspective to the organization. Having diversity within a local government can enhance the organization's overall responsiveness to an increasingly more diverse spectrum of residents, improve its relations with surrounding communities, increase its ability to manage change, and expand its creativity.

In addition, the governing body may develop an outreach strategy to encourage the participation of applicants from diverse professional backgrounds. Organizations large and small use executive members of their staff on various levels, and there is often a significant wealth of knowledge to be found among candidates who have had successful careers as assistant city administrators, as department heads, and in other management positions.

6. Key Elements of the Application Process

The application process is the point where effective screening of candidates begins. For this part of the recruitment to be successful, the governing body must proceed carefully and with considerable thought. This section addresses issues such as whether to use a standardized application form; how to provide potential applicants with key information about the position and the local government; and the importance of establishing and maintaining good relations with applicants. High-quality applicants are more likely to pursue the vacancy if the local government can portray itself as a well-run, organized, and efficient organization.

The Application Form

Most local governments prefer to ask applicants to submit a résumé in whatever format the applicant determines will be most effective, rather than a standardized application form. For the applicant, this approach provides flexibility to present past work experience in a way that relates directly to the position in question. At the same time, it permits the local government to see how the applicant organizes and presents material in a written format. The manner in which materials are prepared can be an indication of real interest in the position.

A standardized application form is not recommended in recruitments for the governing body's top administrative professional. If one is used, however, it should be easy to complete, and the information requested should be relevant to the vacant position. Regardless of the form of application, the applicant should be required to submit a cover letter and résumé.

The Local Government Information Packet

Serious applicants will not submit a résumé for consideration until they have done their homework and have satisfied themselves that the position represents a good career opportunity. Often they will seek information from local government officials about the community, the organization, and the position.

This is one of the first contacts that will form an impression of the local government on the potential applicant. If the impression created is that the

Two critical elements of applicant relations are important to stress: keeping the candidates informed of the status of the process and maintaining confidentiality.

recruitment is well organized, that the local government officials know what they are looking for and are consistent in the message, and that sufficient information about the locality is easily obtained, potential applicants are more likely to form a positive image of the position and the governing body in deciding whether to apply.

To help disseminate the same information to all applicants, the governing body could put together a packet of information that includes:

1. A copy of the outreach brochure or other documents that provide the criteria for the position, indicating key objectives and priorities and the administrator profile
2. Ordinance or charter requirements if they contain significant or unusual provisions regarding the position
3. Summary information about the local government, including organizational structure, personnel practices, number of employees, services provided, and budget data
4. Information about the community in the form of a chamber of commerce brochure or similar publication, if such is attractively prepared and available
5. Websites that contain information on the local government and community
6. The name, phone number, and e-mail address of a contact person.

Applicant Relations

Appendix E in this handbook provides some basic do's and don'ts regarding applicant relations and the recruitment process. The two key areas that are important to stress are candidate status notification and confidentiality.

There is no faster way to damage the image of the local government and to lose good applicants than to violate the trust or assurance that was given regarding confidentiality.

Candidate Status Notification As a rule, it is important to engage in the simple and courteous steps of acknowledging résumés as they are received and of notifying applicants of their status as the recruitment proceeds. Prompt acknowledgment of résumés is one indication that the process is being handled in a businesslike manner, and it can add to the applicant's positive impression of the organization. This acknowledgment also should inform the applicant of the recruitment timetable. Unless there are unusual or unanticipated delays, this response should be sufficient until applicants are actually notified as to their final status. To maintain confidentiality, all correspondence should be directed to the applicant's home, not business address.

Additionally, if special circumstances arise (such as a recall election) that might cause a delay in either the recruitment or the selection process, it is important to communicate any changes in the established schedule to all applicants.

Similarly, notifying all applicants as to their status, even if they are not selected as finalists, is a basic courtesy that will affect how the candidate views the local government.

Maintaining Confidentiality Confidentiality is an important consideration in any recruitment. Present job security and long-term career opportunities could

be jeopardized if an applicant's interest in another position is made public prematurely. While applicants realize that the local government will want to contact their current employers to conduct background checks and assess their job performance, they typically prefer to wait until it is clear that they are going to be considered as finalists who will be invited to the second interviews for the position.

The governing body should determine, at the outset, the extent to which the recruitment process will be confidential. The governing body, in consultation with the local government's attorney, should decide the level of confidentiality due to the varying open record and disclosure statutes between the states. If applicants' names are likely to be disclosed at any point, potential applicants should be advised so that they may take it into account in deciding whether to pursue the vacancy.

From a recruiting standpoint, assurance of confidentiality will result in more applications being submitted, particularly from those who are currently employed elsewhere. As confidentiality is important to both parties, such assurances should be honored, and applicants should be given adequate time to notify their current employers before those employers are contacted by the recruiting local government.

7. The Role of the Media in the Recruitment Process

Members of the media will obviously have an interest in the recruitment process and their involvement will be dictated in part by state law and in part by tradition. At the outset, local government officials should brief the media on the timing and steps involved in the overall process. After the deadline has passed for submitting résumés, the governing body may decide to brief the media and the community on the overall response.

As the confidentiality of résumés is a major concern in any recruitment and can significantly affect the number and quality of résumés received, applicants should be apprised of any applicable state laws in this area, and the governing body, with advice from the local government's attorney, should determine what information will and will not be made available to the media.

8. The Selection Process

Once the deadline for submitting résumés has passed and all applications have been received, the selection process begins. Principal steps are as follows:

- Reviewing the applications
- Determining which candidates will be interviewed
- Interviewing the candidates
- Making the final selection.

Reviewing the Applications

The selection process begins with a review of the applications and résumés that have been submitted. Depending on how the governing body has chosen to conduct the recruitment, the participants involved in this initial review may be the body as a whole, the chief elected officer, a subcommittee of the governing body, the staff, or the executive recruitment firm. Alternatively, some local governments have used a panel of chief administrators from other local governments to serve as a screening panel. Regardless of who performs the screening, the objective of the initial review is to identify those candidates who best reflect the qualities, characteristics, experience, and areas of expertise that were defined in the administrator profile.

Major Decision Point: Determining the Candidates to Be Interviewed

The determination of the candidates to be interviewed is a significant decision point in the selection process. The objective here is to narrow the total group of applicants to a smaller group that will continue to the next step.

Initial Background Check After the group of applicants has been narrowed down to those who meet the qualifications described in the administrator profile, the list may be further refined by confirming educational credentials and conducting online checks. Such reviews should not violate the confidentiality of the applicant pool. For online checks, it is important to consider the source and avoid drawing hasty conclusions from these sources.

Selection of Candidates After the review of the résumés and the initial background check, the participants in this process should meet with the governing body as a whole to recommend which applicants should be invited to an interview. The chosen group of candidates should be large enough to expose the governing body to an array of personalities. In most cases, **five to ten candidates** should be selected. The governing body may also establish a secondary list of candidates who could be invited to the interview if one or more of the first group of candidates decline or are unable to continue with the process.

Informing the Candidates Once candidates have been selected, the governing body representative, the staff, or the executive recruiter should contact the each candidate by phone and do the following:

1. Inform the candidate that he or she has been selected to be interviewed and offer congratulations (the candidate should be made to feel that the governing body is pleased to have reviewed his or her résumé). At the same time, confirm the candidate's continuing interest in the position.
2. Advise the candidate of: the nature of the interview process, including date and time, number of other candidates, whether there are any in-house candidates, and when a decision is expected to be made. Indicate that all the details and information will be confirmed in a written correspondence. If email is to be used for this correspondence, confirm the candidate's email address.
3. As described in the section on applicant relations, the governing body should have already determined the extent to which the recruitment process will be confidential. At this point, the candidate should be advised if the names of candidates are to be made public and be given the opportunity to withdraw.
4. Confirm that the candidate has received the information package provided during the application process. Indicate that a supplemental package with more detailed information will be provided directly to the candidate's home in advance of the interview. The supplemental package may include:

- A list of governing body members and their occupations
- Copies of meeting minutes from the past several months
- The general or comprehensive plan and land use maps
- The most recent budget
- A recent bond prospectus
- Any other material that would be of particular relevance, given the goals and objectives of the local government and the criteria for the position.

As an alternative to a paper package of information, the candidates can be directed to the locality's website for such information.

5. Confirm local government policy on reimbursement of expenses incurred in conjunction with the interview. Many local governments reimburse candidates for all out-of-pocket expenses, including reasonable transportation, room, and board. ("Reasonable" is intended to eliminate first-class airline tickets, four-star hotels, and gourmet restaurants.)

Such reimbursement of expenses is another way that the local government can demonstrate its interest in the candidate. It reinforces the positive nature of the recruitment process and is sometimes a factor in whether the candidate is able to attend. Should there be strong reluctance on the part of the governing body to reimburse all expenses, the local government can share expenses with the candidate or can agree to reimburse all expenses incurred after the first trip.

The local government staff can offer to handle all reservations, transportation, and related matters, but this can be cumbersome and time-consuming. In most cases, the local government confirms the time and place and lets the candidate make his or her own arrangements. The candidates usually prefer this approach as well.

Interviewing the Candidates

Most local governments use the interview approach for selecting the chief administrator. In this approach, the governing body will meet as a whole with each individual candidate. As the initial interview is usually limited to an hour, a second interview with one or more of the finalists is generally incorporated into the process.

Initial Interview The following provides important guidelines for conducting the initial interview.

Structure of the Interview The interview process should be well organized in a comfortable setting for both parties that invites open and relaxed discussions. This element of the process is generally not considered a public meeting, although the governing body, staff, or executive recruiter should consult with the city's legal advisor to ensure that all requisite notices are sent and other legal requirements are met.

All members of the governing body should participate in the interview with one member, usually the chair, designated as the discussion leader. This interview should last at least an hour as it is difficult to pursue a range of questions in less time. Further, all candidates anticipate and deserve an opportunity to present their qualifications to the governing body and describe their interest in the position. It is important to realize that the interview process not only provides the governing body with an opportunity to improve its knowledge of the candidate but also influences the candidate's interest in the position.

As part of the initial interview, the governing body may want to include a comprehensive tour of the community. A trusted senior staff person would be a likely tour guide.

Content of the Interview Questions During the first interview, the governing body will question the candidate about a variety of matters, such as overall work experience, specific accomplishments, career objectives, alternative approaches to practical problems faced by the local government, and similar matters. A list of potential questions is provided in Appendix D.

The interview also gives the candidate an opportunity to evaluate the governing body as a group and to ask questions. An important issue to discuss during the interview is the governing body's working relationship with the administrator, clarifying all roles and responsibilities.

During the formal and any informal meetings between the governing body and the candidates, discussions and questions should focus on the criteria for the position that were established at the outset of the recruiting process. Obviously, discussions should stay within acceptable legal parameters and should not include references to politics, religion, age, racial origin, and sexual preferences.

When the initial interview process is over, the governing body should avoid impulsive action but rather take whatever time is necessary to arrive at a comfortable and well-reasoned decision. At this point, either one person has emerged as the clear choice of the

governing body; or, more likely, the pool of candidates has been narrowed down to two or three individuals that the governing body would like to further pursue. In most cases, the process will involve a second interview of this smaller group of finalists. However, if there is one clear choice, please refer to the section entitled “Making the Final Selection.”

Second Interview If, after the initial interview, there are two or three candidates that the governing body would like to further consider, a couple of options exist for setting up a second interview:

1. The governing body may invite the finalists back for a second, more in-depth interview, coupled perhaps with some sort of community function. This arrangement often provides the governing body with the insight needed to make a final decision.
2. The governing body may invite the finalists back for a second, more in-depth interview, coupled with an opportunity for community leaders and/or staff to provide input into the selection of the chief administrator.

In either case, finalists should be notified of their status, congratulated for being among the select few who will be further considered, informed of the process, and asked for permission for the governing body to conduct reference checks.

Reference Checks As the governing body is now deciding between two or three qualified candidates, it is important at this point to conduct reference checks that provide additional information on which to base the decision. References should be checked to learn about each finalist’s ability to work effectively with people, to develop a more complete understanding of the finalist’s work experience and specific accomplishments, and to see if the finalist’s qualifications match the profile for the position. The following suggestions are important for ensuring consistency and thoroughness when conducting reference checks:

- The reference checks may be performed by members of the governing body, staff, or executive recruitment firm. In general, however, it is advisable to limit the number of people performing the checks to one or two. It may be difficult, depending on the number of candidates, to have one person perform all the reference checks, especially if there are three references for each candidate. Further, it can be helpful if two people compare notes on the same candidates.

- Be consistent in discussing issues with and asking questions of each candidate in order to provide a good basis for comparison.
- Contact enough people to ensure a consistent reading as to the candidate’s strengths and weaknesses. If a reference can say only good things about the candidate, he or she should be asked directly what weaknesses the candidate has.

Decision Point: Inviting the Candidate’s Spouse/

Partner While the focus of the recruitment is on the chief administrator, the governing body may formally invite the candidate’s spouse/partner to the community during the interview process. Generally, this type of invitation occurs only after the first interview process has narrowed the group of candidates down to the top two or three. The spouse/partner should never be included in the formal interview process, nor made to feel as if he or she is being interrogated in any way.

If the governing body formally invites the spouse/partner to accompany the candidate, it is important that this part of the process be as well organized as all the other parts that concern the candidate directly. Here, too, an important impression about the community is being made. The interests of the spouse/partner should be carefully determined and accommodated.

On the other hand, the governing body may use an informal, non-structured approach to the involvement of the spouse/partner. Understanding that a candidate may bring his or her spouse/partner along to explore the community as a possible future home, the governing body may consider having a packet of relevant community information available.

Decision Point: Community Involvement The governing body must decide whether to involve community members or committees in the interview process. In most cases, the local government assumes responsibility for the interviews and conducts the process of selecting the new chief administrator without the involvement of members of the community.

In some cases, however, governing bodies have chosen to supplement the usual discussion between members and finalists by inviting community leaders to participate. For example, finalists may meet with selected community leaders to answer questions and receive their input on matters they consider important to the local government. If this option is taken, the purpose of the meeting should be made clear to all involved. Both the finalist and the community members should know whether these meetings are intended simply to provide the

finalist with additional information on the local government or whether the community group will also be involved in the actual selection process. In the latter case, although the input from the community will be valuable, it should be made clear that the governing body will make the final selection based upon a variety of factors.

Decision Point: Staff Involvement The governing body must also decide whether to involve staff members in the interview process. It may choose to supplement the usual discussion between members and finalists by inviting staff members to participate. For example, finalists may meet with selected department directors to answer questions and review departmental operations in more detail.

If this option is taken, its purpose should be made clear to all involved. Both the finalist and the staff members should know whether these meetings are intended simply to provide the finalist with additional information on the local government or whether the group will also be involved in the selection process. In the latter case, although the input from the staff will be valuable, it should be made clear that the governing body will make the final selection based upon a variety of factors.

Major Decision Point: Making the Final Selection

After the second interviews, there should be one person who is the clear first choice of the majority, if not all, of the governing body. It is important to both the governing body and the potential new hire that the decision be unanimous, if possible. A unanimous vote from the governing body demonstrates a commitment of support to the new chief administrator and sends a positive message to both the organization and the community. If the governing body is divided on the appointment and the decision is not unanimous, however, the chosen finalist should be advised of this prior to accepting the position.

Once the selection has been made, the governing body, staff, or executive recruiter should contact the

It is important that the vote for the new chief administrator be unanimous, if possible. This sends a positive message to the organization and the community.

finalist, confirm his or her willingness to accept the position, and obtain permission to conduct a very thorough background check, which will be performed by an outside party. This process includes interviews with individuals in the candidate's current community, an investigation into possible criminal history, and a credit check, which requires the candidate's consent.

Another element of this final selection process may include some or all of the members of the governing body making an on-site visit to the finalist's current community. Often finalists insist that an agreement regarding terms and conditions of employment be agreed upon before being open to a site visit.

Once the governing body is satisfied with the results of that process, it may inform the finalist and move ahead to put together a total compensation package and discuss other related arrangements. However, if the governing body is unable to satisfactorily conclude negotiations with its first choice, it may need to engage in discussions with one of the other finalists. Thus, it should refrain from notifying the other finalists until all arrangements have been finalized with the first-choice candidate.

From a public image standpoint, it is imperative that all candidates learn about the final selection from the governing body or its representative, as opposed to hearing about it from a third party or reading about it online or in a newsletter or professional publication. A representative from the governing body, staff, or executive recruitment firm should personally contact the runners-up prior to or at the same time that a news release about the appointment is issued.

9. The Negotiation Process

Once the local government has made its decision and the finalist has indicated a willingness to serve as the chief administrator, a number of final arrangements must be completed. These include negotiating a compensation package and completing transition activities. Only after these arrangements are concluded can the new chief administrator relocate and begin work for the community.

Preparation for Negotiation

The governing body needs to ensure that relations with the new administrator get off to a good start. At this point, nothing should happen that causes the new administrator to reconsider.

It is important that the governing body identify a single individual to act as the negotiator for the local government. Depending on the approach that the governing body has selected, the negotiator may be a member of the governing body; a member of the staff, such as the interim chief administrator or the municipal attorney; or the executive recruiter. The following are important guidelines regarding the structure of the negotiations:

1. The atmosphere should be friendly and relaxed.
2. The negotiator should be flexible. Negotiating implies a willingness to consider options and alternatives in pursuit of an acceptable package. There may well be more than one way to meet the financial objectives of the new administrator.
3. The governing body should be realistic. No matter how beautiful and desirable the community or position may be, the finalist is unlikely to accept the new position without an increase in pay over his or her present salary.

Major Decision Point: Negotiating Compensation

In compensation negotiations, base salary is a good place to start. The ICMA Compensation Guidelines, which are provided in Appendix B, are a good source of information to help with this part of the process. The person conducting the negotiation on behalf of the local government should keep the following questions in mind:

The governing body should rely on a single individual to handle its part of the negotiation process.

The process should be friendly and relaxed; the negotiator should be flexible; and the governing body should be realistic in its guidelines to the negotiator.

1. Ultimately, what salary will be acceptable to the governing body?
2. What is the bargaining range?
3. What is the current salary of the applicant?
4. What type of salary and total compensation package did the candidate discuss during the interview?

ICMA, the National Association of Counties, and state leagues of cities and counties are sources of information on the salaries of local government administrators around the country. Prior to initiating negotiations, the governing body should compare its salary range with that of other governing bodies in same region of the country.

Elements of Total Compensation Elements of a total compensation package typically include:

- Base salary
- Deferred compensation
- Severance pay
- Use of government car or car allowance
- Use of technology or technology allowance
- Retirement plan
- Medical and other insurance (dental, optical, life, disability)
- Vacation accrual
- Holidays
- Sick leave accrual
- Membership dues, conference, and professional development attendance fees.

Before the negotiation begins, the governing body should ask the candidate to provide a written itemization of his or her current total compensation. After receiving this information, the person negotiating on behalf of the governing body should outline a proposed package and provide it to the candidate. Usually there will be no negotiation on those benefits that are similar among local governments, such as medical insurance and holidays. The variables most often relate to base salary and particular financial objectives, such as deferred compensation, health insurance, and requirements to join a state retirement system.

The proposed compensation package should

- (1) leave the individual whole on basic benefits,
- (2) provide an appropriate step forward in cash-related benefits,
- (3) ensure an increase in take-home pay, and
- (4) deal with any particular financial objectives that the new administrator may have.

Noncompensation Elements During the negotiations, some issues will arise that do not relate to the total compensation package but may well have significant financial implications for both the local government and the new administrator. Both parties need to be flexible and realistic in dealing with these issues:

- **Relocation expenses:** It is common for local governments to pay the one-time cost of relocating the administrator and his or her family and household furnishings to the new local government. Sometimes both parties agree on a “not-to-exceed” figure based on estimates from moving companies.
- **Temporary housing:** An allowance for temporary housing is usually provided until the new administrator is able to sell his or her former home and/or relocate his or her family. Typically, this amount is sufficient to cover the cost of a modern furnished apartment or condominium. Again, both parties may agree to a fixed time period or amount.
- **Commuting expenses:** As with temporary housing, the local government often will agree to reimburse the administrator for periodic family visits or for the spouse/partner to visit for house-hunting purposes.
- **Housing assistance:** Regional variations in the cost of housing or housing financing can complicate the negotiations. There is considerable precedent

for local governments—using appropriate safeguards and limits—to assist in the purchase and/or financing of housing for the new administrator. A variety of options exist, including a loan or a salary supplement.

Employment Agreements It is in the interests of both the community and the chief administrator to have a written summary of the terms and conditions of employment to which both parties have agreed. The stable working situation created by such an agreement helps to attract and keep top-flight administrators in a generally mobile profession. ICMA recommends the use of employment agreements because the detailing of salary, benefits, and other conditions of the administrator’s job puts those items where they belong—in a contract where both parties can know what is expected—and removes them from the daily agenda of the chief administrator and members of the governing body.

While such an agreement usually does not refer to a specific term of employment and permits either the governing body or the chief administrator to terminate for cause or at will, it should include a section providing the administrator with severance pay for a fixed period of time if he or she is terminated. This provides important personal and professional security for local government chief administrators, as they have the rather unique situation of working at the pleasure of the governing body with the possibility of dismissal for any reason at any time.

While not a lengthy legal document, the employment agreement is usually drafted by the local government’s attorney. The new administrator is often given an opportunity to prepare a first draft for consideration. If an employment agreement is not used, a formal letter of understanding, at a minimum, should be prepared.

As a final note on this process, the governing body should be prepared for the possibility that it will be unable to reach agreement on compensation or other matters with the first-choice candidate. In these instances, the governing body typically enters into negotiations with its second-choice candidate. As indicated previously, once an agreement has been finalized, all other candidates should be promptly notified that they were not selected.

10. The Transition Process

After the governing body and new chief administrator have reached agreement on the issues of compensation, starting date, and method and timing of announcing the selection to both the community and the administrator's former local government, the transition process begins.

Announcing the Selection

The announcement of the selection should be well planned and coordinated between the governing body and new chief administrator. Two factors should precede any formal announcement of the appointment:

- The successful candidate has formally accepted the position and the negotiations have been concluded; and
- The successful candidate has been given the opportunity to notify his or her current governing body about the appointment.

This public announcement should be coordinated carefully to recognize the instantaneous nature of electronic communication.

Additional Elements

Additional elements that the governing body may employ to ensure a smooth transition for the new chief administrator are as follows:

- **General assistance:** For a smooth transition, the local government should offer whatever general assistance the new administrator might need in moving, such as introductions to realtors and

bankers and support to the spouse/partner in finding suitable employment.

- **Orientation meetings:** The governing body should arrange to introduce the new chief administrator to department heads and local government staff. While the new administrator may have met some of these individuals during the interview process, a special meeting or reception can be a pleasant way to turn over responsibility. Similar meetings, briefing sessions, and/or receptions can be arranged to introduce the new administrator and his or her family to community groups, civic leaders, and residents in general.
- **Local government work session, orientation, and review of objectives:** It is desirable to have an initial work session with the new administrator to discuss and clarify initial expectations on both sides and to review goals and objectives. Even though some of these issues may have been raised during the interview process, communication from the outset can help ensure a smooth working relationship.
- **Performance evaluation:** Using the position's goals and objectives as a starting point, the governing body and new chief administrator should agree to an annual or semiannual review of the administrator's performance. This established and formal process helps to ensure that communication between the parties is maintained, that progress is monitored, and that goals and objectives are reviewed and refined on a regular basis.

11. Conclusion

Choosing a chief administrator can be the most significant action of the governing body. The chief administrator is a leader, coach, and chief of strategy for the staff team whose job it is to implement a vision, policy, and procedures; accomplish goals; and achieve the desired output of the organization. Similar to a chief executive officer of a Fortune 500 company, the chief administrator is also responsible for serving an elected governing body, managing the financial aspects of the organization, directing the employees, ensuring quality customer service, and implementing legal and ethical standards. Furthermore, unique to public agencies, the chief administrator oversees an organization that is focused on providing a variety of services to the community rather than on making a profit.

In addition to a very diversified portfolio of services that must be provided and interests that must be served fairly, the chief administrator is responsible for an organization that must balance its budget; provide for and encourage public input into decision making; and understand, respect, and appreciate the political environment. In summary, the position of chief administrator requires a variety of skill sets—not every person is capable of performing the role. Therefore,

selecting the right person for the job is critical for the governing body and for the community.

This guidebook addresses a number of factors to consider in recruiting, selecting, negotiating, and hiring a professional local government manager. In doing so, it elaborates on the “best practices” for identifying the appropriate skills and background of a chief administrator, noting that the governing body must identify the qualities, characteristics, experience, and areas of expertise that would be found in the ideal candidate. Throughout the entire process, clear communication to staff, the community, and the media is essential for achieving the governing body’s goals. In the end, the process of recruiting and selecting a chief administrator should be a positive and unifying experience, resulting in the appointment of an individual who represents and embodies the governing body’s vision for the future.

ICMA and its members are resources available for providing guidance and recommendations in the recruitment of a chief administrator. With this document, we hope we have provided a basic understanding of the process involved in selecting a professional local government manager who meets the needs of the community.

Appendix A

ICMA Code of Ethics with Guidelines

The ICMA Code of Ethics was adopted by the ICMA membership in 1924, and most recently amended by the membership in May 1998. The Guidelines for the Code were adopted by the ICMA Executive Board in 1972, and most recently revised in July 2004.

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

Guideline

Advice to Officials of Other Local Governments. When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities.

3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

Guidelines

Public Confidence. Members should conduct themselves so as to maintain public confidence in their profession, their local government, and in their performance of the public trust.

Impression of Influence. Members should conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

Appointment Commitment. Members who accept an appointment to a position should not fail to report for that position. This does not preclude the possibility of

a member considering several offers or seeking several positions at the same time, but once a *bona fide* offer of a position has been accepted, that commitment should be honored. Oral acceptance of an employment offer is considered binding unless the employer makes fundamental changes in terms of employment.

Credentials. An application for employment or for ICMA's Voluntary Credentialing Program should be complete and accurate as to all pertinent details of education, experience, and personal history. Members should recognize that both omissions and inaccuracies must be avoided.

Professional Respect. Members seeking a management position should show professional respect for persons formerly holding the position or for others who might be applying for the same position. Professional respect does not preclude honest differences of opinion; it does preclude attacking a person's motives or integrity in order to be appointed to a position.

Reporting Ethics Violations. When becoming aware of a possible violation of the ICMA Code of Ethics, members are encouraged to report the matter to ICMA. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.

Confidentiality. Members should not discuss or divulge information with anyone about pending or completed ethics cases, except as specifically authorized by the Rules of Procedure for Enforcement of the Code of Ethics.

Seeking Employment. Members should not seek employment for a position having an incumbent administrator who has not resigned or been officially informed that his or her services are to be terminated.

4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.

Guideline

Length of Service. A minimum of two years generally is considered necessary in order to render a professional service to the local government. A short tenure should be the exception rather than a recurring experience. However, under special circumstances, it may be in the best interests of the local government and the member to separate in a shorter time. Examples of such circumstances would include refusal of the appointing authority to honor commitments concerning conditions of employment, a vote of no confidence in the member, or severe personal problems. It is the responsibility of an applicant for a position to ascertain conditions of employment. Inadequately determining terms of employment prior to arrival does not justify premature termination.

5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

Guideline

Conflicting Roles. Members who serve multiple roles—working as both city attorney and city manager for the same community, for example—should avoid participating in matters that create the appearance of a conflict of interest. They should disclose the potential conflict to the governing body so that other opinions may be solicited.

6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

Guidelines

Elections of the Governing body. Members should maintain a reputation for serving equally and impartially all members of the governing body of the local government they serve, regardless of party. To this end, they should not engage in active participation in the election campaign on behalf of or in opposition to candidates for the governing body.

Elections of Elected Executives. Members should not engage in the election campaign of any candidate for mayor or elected county executive.

Running for Office. Members shall not run for elected office or become involved in political activities related to running for elected office. They shall not seek political endorsements, financial contributions or engage in other campaign activities.

Elections. Members share with their fellow citizens the right and responsibility to vote and to voice their opinion on public issues. However, in order not to impair their effectiveness on behalf of the local governments they serve, they shall not participate in political activities to support the candidacy of individuals running for any city, county, special district, school, state or federal offices. Specifically, they shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund-raising activities for individuals seeking or holding elected office.

Elections in the Council-Manager Plan. Members may assist in preparing and presenting materials that explain the council-manager form of government to the public prior to an election on the use of the plan. If assistance is required by another community, members may respond. All activities regarding ballot issues should be conducted within local regulations and in a professional manner.

Presentation of Issues. Members may assist the governing body in presenting issues involved in referenda such as bond issues, annexations, and similar matters.

8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.

Guidelines

Self-Assessment. Each member should assess his or her professional skills and abilities on a periodic basis.

Professional Development. Each member should commit at least 40 hours per year to professional development activities that are based on the practices identified by the members of ICMA.

9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.

10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

Guideline

Information Sharing. The member should openly share information with the governing body while diligently carrying out the member's responsibilities as set forth in the charter or enabling legislation.

11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.

Guideline

Equal Opportunity. All decisions pertaining to appointments, pay adjustments, promotions, and discipline should prohibit discrimination because of race, color, religion, sex, national origin, sexual orientation, political affiliation, disability, age, or marital status.

It should be the members' personal and professional responsibility to actively recruit and hire a diverse staff throughout their organizations.

12. Seek no favor; believe that personal aggrandizement or profit secured by confidential information or by misuse of public time is dishonest.

Guidelines

Gifts. Members should not directly or indirectly solicit any gift or accept or receive any gift--whether it be money, services, loan, travel, entertainment, hospitality, promise, or any other form--under the following circumstances: (1) it could be reasonably inferred or expected that the gift was intended to influence them in the performance of their official duties; or (2) the gift was intended to serve as a reward for any official action on their part.

It is important that the prohibition of unsolicited gifts be limited to circumstances related to improper influence. In *de minimus* situations, such as meal checks, some modest maximum dollar value should be determined by the member as a guideline. The guideline is not intended to isolate members from normal social practices where gifts among friends, associates, and relatives are appropriate for certain occasions.

Investments in Conflict with Official Duties. Member should not invest or hold any investment, directly or

indirectly, in any financial business, commercial, or other private transaction that creates a conflict with their official duties.

In the case of real estate, the potential use of confidential information and knowledge to further a member's personal interest requires special consideration. This guideline recognizes that members' official actions and decisions can be influenced if there is a conflict with personal investments. Purchases and sales which might be interpreted as speculation for quick profit ought to be avoided (see the guideline on "Confidential Information").

Because personal investments may prejudice or may appear to influence official actions and decisions, members may, in concert with their governing body, provide for disclosure of such investments prior to accepting their position as local government administrator or prior to any official action by the governing body that may affect such investments.

Personal Relationships. Member should disclose any personal relationship to the governing body in any instance where there could be the appearance of a conflict of interest. For example, if the manager's spouse works for a developer doing business with the local government, that fact should be disclosed.

Confidential Information. Members should not disclose to others, or use to further their personal interest, confidential information acquired by them in the course of their official duties.

Private Employment. Members should not engage in, solicit, negotiate for, or promise to accept private employment, nor should they render services for private interests or conduct a private business when such employment, service, or business creates a conflict with or impairs the proper discharge of their official duties.

Teaching, lecturing, writing, or consulting are typical activities that may not involve conflict of interest, or impair the proper discharge of their official duties. Prior notification of the appointing authority is appropriate in all cases of outside employment.

Representation. Members should not represent any outside interest before any agency, whether public or private, except with the authorization of or at the direction of the appointing authority they serve.

Endorsements. Members should not endorse commercial products or services by agreeing to use their photograph, endorsement, or quotation in paid or other commercial advertisements, whether or not for compensation. Members may, however, agree to endorse the

following, provided they do not receive any compensation: (1) books or other publications; (2) professional development or educational services provided by non-profit membership organizations or recognized educational institutions; (3) products and/or services in which the local government has a direct economic interest.

Members' observations, opinions, and analyses of commercial products used or tested by their local governments are appropriate and useful to the profession when included as part of professional articles and reports.

ICMA Guidelines for Compensation

Maintaining public trust and integrity in local government requires both effective governance and management of the organization. The following guidelines are intended to establish a best practice for establishing and negotiating compensation for local government executives and staff and to clarify the roles and responsibilities of the governing body, local government manager, and employee.

The Principles

Compensation and personnel matters should be guided by the core principles of the ICMA Code of Ethics. ICMA affirms that the standard practice for establishing the compensation of local government managers be fair, reasonable, transparent, and based on comparable public salaries nationally and regionally. ICMA members should act with integrity in all personal and professional matters in order to merit the trust of elected officials, the public and employees. Local government managers have an ethical responsibility to be clear about what is being requested and to avoid excessive compensation.

Elected officials perform a critical governance role providing oversight of the management of the organization. To that end, they must be engaged in establishing the process for determining the compensation for all executives appointed by the governing body.

Compensation should be based on the position requirements, the complexity of the job reflected in the composition of the organization and community, the leadership needed, labor market conditions, cost of living in the community, and the organization's ability to pay.

The Process for Negotiating Executive Compensation

To establish fair and reasonable compensation, the governing body operating as a committee of the whole or as a designated evaluation and compensation subcommittee, should design and implement the methodology for setting the compensation of the local government manager and any other appointees of the governing body.

Compensation benchmarks should be established based on comparable local government or public sector agencies.

The governing body should engage experts whether contracted or in house as necessary to provide the information required to establish fair and reasonable compensation levels.

All decisions on compensation and benefits must be made by the entire governing body in a public meeting.

Compensation Guidelines for Local Government Executives

A starting point for the elected officials and local government manager in any salary negotiation should be to

1. Determine the requirements of the job and the experience needed to successfully perform the job duties.
2. Examine market conditions to learn what comparable public sector executives earn. A best practice would be to gather information using pre-determined comparable benchmark local governments or public sector agencies.
3. Understand the services provided by the local government along with the nature of the current issues in the organization and in the community, and then compare these with the individual's expertise and proven ability to resolve those issues.
4. Identify the local government's current financial position, its ability to pay, and the existing policies toward compensation relative to market conditions.
5. Weigh factors such as the individual's credentials, experience and expertise when setting salary.
6. Consider additional compensation in areas where the cost of living is high and the governing body wants the manager to reside within the community. In addition, other unique and special circumstances may be taken into consideration, such as difficult recruitment markets and the particularly challenging needs of the public agency.
7. Seek legal advice as needed and appropriate during periods prior to the beginning of employment when terms and conditions are being negotiated and finalized.

Severance

Severance provisions established in the employment agreement must be both reasonable and affordable so that the cost of the severance is not an impediment to fulfilling the governing body's right to terminate a manager's service, if desired, but is consistent with the role and expectations of the position. The ICMA Model Employment Agreement (see Appendix F) recommends a one year severance but recognizes that the length of service with an organization may justify a higher severance.

Compensation Changes

1. Benefits and salary increases should be reasonably comparable to those that local government executives receive within the designated benchmark or regional market area and generally consistent with other employees.
2. Merit adjustments or bonuses should be contingent upon performance and the overall financial position of the local government to afford additional compensation payments. Provisions regarding consideration of periodic merit adjustments in salary should be pre-determined.
3. Local government managers must recognize and effectively manage conflicts of interest inherent in compensation changes. Managers should avoid taking steps regarding pension and other benefits where they will be the sole or primary beneficiary of the change. Examples include:
 - Dramatically increasing salary thereby leading to pension spiking.
 - Recommending or implementing single highest year to determine retirement benefits
4. An individual should receive a single salary that recognizes all duties and responsibilities assigned rather than different salaries for different assignments.
5. Local government managers should not put their personal compensation interests before the good of the overall organization and that of the citizens.

Transparency

1. Local government managers should provide their total compensation package to the governing body

when requesting compensation changes so that the governing body has a comprehensive view of the compensation package.

2. In the interest of fairness and transparency, there should be full disclosure to the governing body, prior to formal consideration and approval, of the potential cost of any benefit changes negotiated during employment.
3. When the terms and conditions of employment are being renegotiated with the employer and at the end when the employment is being terminated, ICMA members have a duty to advise the elected officials to seek legal advice.
4. In the interests of transparency, the salary plan and salary ranges for local government positions, including that of the manager, should be publicly accessible on the agency's website.

General Compensation Guidelines for All Employees

1. Each local government should establish benchmark agencies, which are determined using set criteria such as, but not limited to,
 - Geographic proximity
 - Similarity with regard to the nature of the services provided
 - Similarity in employer size/population size
 - Similarity in the socioeconomic makeup of the population
 - Other similar employers in the immediate area.
2. The local government should develop appropriate compensation levels that are in line with their labor market. Doing so will enable the organization to establish and maintain a reputation as a competitive, fair, and equitable employer as well as a good steward of public funds.
3. When considering any salary or benefit changes, the immediate and anticipated long-term financial resources of the organization always should be taken into account.
4. Appropriate financial practices should be followed to both disclose and properly fund any related future liability to the local government.

Appendix C:

Professional Organizations to Consider Posting Position Vacancy

International City/County Management Association (ICMA)

777 North Capitol Street NE, Suite 500
Washington, DC 20002
Phone: 202-289-4262

JobCenter

Rates/Information:

www.icma.org/en/icma/career_network/employers/difference

American Society for Public Administration (ASPA)

1301 Pennsylvania Avenue NW, Suite 700
Washington, DC 20004
Phone: 202-393-7878

PublicServiceCareers.org (online)

Rates/Information:

www.publicservicecareers.org/?pageid=617

National Association of Counties (NACo)

25 Massachusetts Avenue NW, Suite 500
Washington, DC 20001
Phone: 202-393-6226 or 1-888-407-6226

JobsOnline (website) and County News Job Market/Classified Ad (newspaper)

Rates/Submissions:

www.naco.org/programs/jobsonline/Pages/JobsOnlineSubmission.aspx

National Association of County Administrators (NACA)

777 North Capitol Street NE, Suite 500
Washington, DC 20002
Email: naca@icma.org

National Forum for Black Public Administrators (NFBPA)

777 North Capitol Street NE, Suite 807
Washington, DC 20002
Phone: 202-408-9300

NFBPA Career Center

Ad Rates/Information: careers.nfbpa.org/rates.cfm

Phone: 1-866-964-2765

E-mail (Job Posting Sales): postings@boxwoodtech.com

National League of Cities (NLC)

1301 Pennsylvania Avenue NW, Suite 550
Washington, DC 20004

Nation's Cities Weekly Classifieds

Rates/Submissions:

www.nlc.org/news-center/nations-cities-weekly/classifieds/ncw-submit-classified

International Hispanic Network (IHN)

2107 North First Street, Suite 470
San José, CA 95131
Phone: 408-392-0232

Job Posting

Rates/Submissions:

www.ihnonline.org/jobsaddform.asp

STATE MUNICIPAL LEAGUES

Alabama League of Municipalities (www.alalm.org)

535 Adams Avenue
Montgomery, AL 36104
Phone: 334-262-2566

Municipal Classified Ads

Posting Information: carrieb@alalm.org

Alaska Municipal League (www.akml.org)

217 Second Street, Suite 200
Juneau, AK 99801
Phone: 907-586-1325

AML Classifieds

Informational Brochure:

www.akml.org/uploads/MunicipalClassifiedAdGuidelines.pdf

Phone: 1-877-636-1325

Email: info@akml.org

League of Arizona Cities and Towns (www.azleague.org)

1820 West Washington Street
Phoenix, AZ 85007
Phone: 602-258-5786

Municipal Employment Opportunities

Rates/Information:

www.azleague.org/index.cfm?fuseaction=jobs.main

Email: jobs@azleague.org

Arkansas Municipal League (www.arml.org)

301 West 2nd Street
North Little Rock, AR 72115
Phone: 501-374-3484

City & Town Municipal Mart

Rates/Information:

www.arml.org/classifieds.html

Submissions: 501-374-3484

League of California Cities (www.cacities.org)

1400 K Street, Suite 400
Sacramento, CA 95814
Phone: 916-658-8200

Western Cities

Rates/Submissions:

www.westerncity.com/Western-City/

[Job-Opportunities/How-to-Post-a-Job](#)

Colorado Municipal League (www.cml.org)

1144 Sherman Street
Denver, CO 80203
Phone: 303-831-6411 or 1-866-578-0936

CareerLink

Postings: www.cml.org/CareerLink.aspx

Connecticut Conference of Municipalities (www.ccm-ct.org)

900 Chapel Street, 9th Floor
New Haven, CT 06510
Phone: 203-498-3000

Municipal Job Bank

Information/Rates/Submissions:

www.ccm-ct.org/Plugs/job-bank.aspx

Delaware League of Local Governments (www.dllg.org)

P.O. Box 484
Dover, DE 19903
Phone: 302-678-0991

Provides no employment listings

Florida League of Cities (www.floridaleagueofcities.com)

301 South Bronough Street, Suite 300
Tallahassee, FL 32301
Phone: 850-222-9684 or 1-800-342-8112

FLC E-News

Information/Submissions:

www.floridaleagueofcities.com/Publications.aspx?CNID=179

Phone: 850-322-7221

Georgia Municipal Association (www.gmanet.com)

201 Pryor Street SW
Atlanta, GA 30303
Phone: 404-688-0472

Classifieds/Marketplace

Submissions:

www.glga.org/SubmitListing.aspx

Phone: 678-686-6209

Hawaii (none available)

Association of Idaho Cities (www.idahocities.org)

3100 South Vista Avenue, Suite 310
Boise, ID 83705
Phone 208-344-8594

Employment Opportunities

Information/Rates/Submissions:

www.idahocities.org/index.aspx?nid=213

Illinois Municipal League (www.iml.org)

500 East Capitol Avenue
Springfield, IL 62701
Phone: 217-525-1220

Classifieds

Information/Submissions:

www.iml.org/contact.cfm?user=rturner&subject=Submit%20Classified%20Ad

Rates: www.iml.org/page.cfm?category=640

Indiana Association of Cities and Towns

(www.citiesandtowns.org)

200 South Meridian Street, Suite 340
Indianapolis, IN 46225
Phone: 317-237-6200

Municipal Dispatch

Contact Publications and Marketing Director

Staff Directory:

www.citiesandtowns.org/topic/subtopic.php?fDD=2-15

Iowa League of Cities (www.iowaleague.org)

317 Sixth Avenue, Suite 800
Des Moines, IA 50309
Phone: 515-244-7282

Classifieds

Information/Rates/Submissions:

www.iowaleague.org/Pages/SubmitClassified.aspx

League of Kansas Municipalities (www.lkm.org)

300 SW Eighth Avenue
Topeka, KS 66603
Phone: 785-354-9565

Kansas Government Journal (and online)

Rates: www.lkm.org/classifieds/jobs

Submissions: classifieds@lkm.org

Kentucky League of Cities (www.klc.org)

100 East Vine Street, Suite 800
Lexington, KY 40507
Phone: 859-977-3700 or 1-800-876-4552

City Job Opportunities Online

Submissions: www.klc.org/employment_post.asp

Louisiana Municipal Association (www.lma.org)

700 North 10th Street
Baton Rouge, LA 70802
Phone: 225-344-5001 or 1-800-234-8274

Maine Municipal Association (www.memun.org)

60 Community Drive
Augusta, ME 04330
Phone: 207-623-8428

Job Bank and Classifieds

Information/Rates:

www2.memun.org/public/wantads/itemlist.cfm

Submissions: ResourceCenter@memun.org

Maryland Municipal League (www.mdmunicipal.org)

1212 West Street
Annapolis, MD 21401
Phone: 410-268-5514 or 1-800-492-7121

Classifieds

Submissions: stevel@mdmunicipal.org

Massachusetts Municipal Association (www.mma.org)

One Winthrop Square
Boston, Massachusetts 02110
Phone: 617-426-7272

The Beacon (and online)

Information/Rates:

www.mma.org/ad-rates-and-details

Submissions: www.mma.org/ad-submission-form

Michigan Municipal League (www.mml.org)

1675 Green Road
Ann Arbor, MI 48105
Phone: 734-662-3246 or 1-800-653-2483

Classifieds

Information/Rates:

www.mml.org/classifieds/guidelines.html

Submissions:

www.mml.org/classifieds/classifiedsform.php

League of Minnesota Cities (www.lmc.org)

145 University Avenue West
St. Paul, MN 55103
Phone: 651-281-1200 or 1-800-925-1122

City Job Opportunities

Information/Rates:

www.lmc.org/page/1/posting-city-jobs.jsp

Submissions: HR-CityAds@lmc.org

Mississippi Municipal League (www.mmlonline.com)

600 East Amite Street, Suite 104
Jackson, MS 39201
Phone: 601-353-5854

Classifieds

www.mmlonline.com/classifieds.aspx

Contact MML Staff – Staff Directory:

www.mmlonline.com/contact.aspx

Missouri Municipal League (www.mocities.com)

1727 Southridge Drive
Jefferson City, MO 65109
Phone: 573-635-9134

Career Center

Information/Rates:

www.mocities.com/networking

Submissions: tshaw@mocities.com

Montana League of Cities and Towns (www.mlct.org)

208 North Montana Avenue, Suite 106
Helena, MT 59601
Phone: 406-442-8768

Job Openings

Submissions: Contact Office Manager

Staff Directory: www.mlct.org/about-mlct/staff.html

League of Nebraska Municipalities (www.lonm.org)

1335 L Street, #A
Lincoln, NE 68508-2596
Phone: 402-476-2829

Job Postings

Information/Rates/Submissions:

www.lonm.org/careers.html

Nevada League of Cities and Municipalities

(www.nvleague.org/admin/about.htm)

310 South Curry Street
Carson City, NV 89703
Phone: 775-882-2121

New Hampshire Local Government Center (www.nhlgc.org)

25 Triangle Park Drive
Concord, NH 03301
Phone: 603-224-7447

Classifieds

Information/Rates/Submissions:

www.nhlgc.org/classifieds/submitad.asp

New Jersey State League of Municipalities

(www.njslom.org)

222 West State Street
Trenton, NJ 08608
Phone: 609-695-3481

Classifieds

Information/Rates/Submissions:

www.njslom.org/classifieds_jobs.html

New Mexico Municipal League (www.nmml.org)

1229 Paseo de Peralta
Santa Fe, NM 87501
Phone: 1-800-432-2036

Classifieds

Information/Submissions:

www.nmml.org/blog/category/classifieds/positions-available

New York State Conference of Mayors and Municipal Officials (www.nycom.org)

119 Washington Avenue
Albany, NY 12210
Phone: 518-463-1185

Help Wanted Classifieds

Information/Submissions:

www.nycom.org/mn_class/helpwanted.asp#

North Carolina League of Municipalities (www.nclm.org)

215 North Dawson Street
Raleigh, NC 27603
Phone: 919-715-4000

Southern City, League Letter, and/or online:

Information:

www.nclm.org/resource-center/Pages/jobs.aspx

Rates/Submissions:

www.nclm.org/programs-services/publications/Pages/southern-city.aspx

North Dakota League of Cities (www.ndlc.org)

410 East Front Avenue
Bismarck, ND 58504
Phone: 701-223-3518

Municipal Ads – Job Opportunities

www.ndlc.org/index.asp?Type=B_BASIC&SEC={D835005A-831C-4BB1-BF46-7D93A07A0083}

www.ndlc.org/index.asp?Type=B_BASIC&SEC={846F9FCA-A6EE-4082-B241-8DA3E991D99A}

Contact NDLC Staff – Staff Directory:

www.ndlc.org/index.asp?Type=B_BASIC&SEC={846F9FCA-A6EE-4082-B241-8DA3E991D99A}

www.ndlc.org/index.asp?Type=B_BASIC&SEC={846F9FCA-A6EE-4082-B241-8DA3E991D99A}

Ohio Municipal League (www.omloho.org)

175 South Third Street, Suite 510
Columbus, OH 43215
Phone: 614-221-4349

Classified Advertisements

Information/Rates/Submissions:

www.omloho.org/Classifieds.htm

Oklahoma Municipal League (www.oml.org)

201 Northeast 23rd Street
Oklahoma City, OK 73105
Phone: 405-528-7515

Job Listings

Information/Rates/Submissions:

www.okml.webs.com/joblistings.htm

League of Oregon Cities (www.orcities.org)

1201 Court Street NE, Suite 200
Salem, OR 97301
Phone: 503-588-6550

Personnel Recruitment – Jobs

Information/Rates/Submissions:

www.orcities.org/JobsInterims/Jobs/tabid/816/language/en-US/Default.aspx

Available Interim Candidates:

www.orcities.org/JobsInterims/Interims/tabid/5849/language/en-US/Default.aspx

Pennsylvania League of Cities & Municipalities

(www.plcm.org)

414 North Second Street
Harrisburg, PA 17101
Phone: 717-236-9469

Municipal Job Junction

Information/Rates/Submissions:

www.plcm.org/index.asp?Type=B_BASIC&SEC={24C2F4FE-80F6-4E58-BA9F-53345F31E1D7}&DE

Rhode Island League of Cities and Towns

(www.rileague.org)

One State Street, Suite 502
Providence, RI 02908
Phone: 401-272-3434

Available Positions

Information/Submissions:

www.rileague.org/site/classifieds/available.html

Municipal Association of South Carolina (www.masc.sc)

1411 Gervais Street
Columbia, SC 29211
Phone: 803-799-9574

Job Openings:

Information/Submissions:

www.masc.sc/municipalities/Pages/Postinganadvertisement.aspx

South Dakota Municipal League (www.sdmunicipalleague.org)

208 Island Drive
Fort Pierre, SD 57532
Phone: 605-224-8654

Classifieds

Information/Rates/Submissions:

www.sdmunicipalleague.org/index.asp?Type=B_JOB&SEC=%7B9C4C9345-D0E6-470D-A708-181FD9B26F51%7D

Tennessee Municipal League (www.tml1.org)

226 Capitol Boulevard, Suite 710
Nashville, TN 37219
Phone: 615-255-6416

Classifieds

Contact Administrative Assistant – Staff Directory:

www.tml1.org/staff.php?ln_ses=1%7C4

Texas Municipal League (www.tml.org)

1821 Rutherford Lane, Suite 400
Austin, TX 78754
Phone: 512-231-7400

Career Center

Information/Submission: www.tml.org/careercenter.asp

Utah League of Cities and Towns (www.ulct.org)

50 South 600 East, Suite 150
Salt Lake City, UT 84102
Phone: 801-328-1601 or 1-800-852-8528

Job Bank

Submissions: www.ulct.org/jobbank/index.html

Vermont League of Cities & Towns (www.vlct.org)

89 Main Street, Suite 4
Montpelier, VT 05602
Phone: 802-229-9111

Classifieds

Information/Rates/Submissions:

www.vlct.org/marketplace/classifiedads

Virginia Municipal League (www.vml.org)

13 East Franklin Street
Richmond, VA 23219
Phone: 804-649-8471

Marketplace – Jobs in Local Government

Information/Rates/Submissions:

www.vml.org/JOBS/JOBS.html

Association of Washington Cities (www.awcnet.org)

1076 Franklin Street SE
Olympia, WA 98501
Phone: 360-753-4137

JobNet

Information/Submissions:

www.awcnet.org/Jobnet/ForEmployers.aspx

West Virginia Municipal League (www.wvml.org)

2020 Kanawha Boulevard

Charleston, WV 25311

Phone: 304-342-5564 or 1-800-344-7702

Classifieds

Information/Submissions: wvml@wvml.org

League of Wisconsin Municipalities (www.lwm-info.org)

122 West Washington Avenue, Suite 300

Madison, WI 53703

Phone: 608-267-2380

Classifieds

Information/Rates/Submissions:

www.lwm-info.org/index.asp?Type=B

[JOB&SEC = %7B428BF440-C1B3-494D-](http://www.lwm-info.org/index.asp?Type=B)

[8B98-837FE87BCFCA%7D](http://www.lwm-info.org/index.asp?Type=B)

Wyoming Association of Municipalities (www.wyomuni.org)

315 West 27th Street

Cheyenne, WY 82001

Phone: 307-632-0398

Classifieds

Information:

www.wyomuni.org/index.asp?Type=B

[JOB&SEC = {AE206698-9002-49A0-983C-9CFCD28D226}](http://www.wyomuni.org/index.asp?Type=B)

Submissions: wam@wyomuni.org

Appendix D:

Potential Interview Questions³

It is suggested that each member of the governing body ask the same question(s) of each candidate.

Candidate Traits/Experience/ Qualifications

1. Provide a brief summary of your education and work experience.
2. Please briefly describe your experience with
 - a. Land use planning
 - b. Economic development/redevelopment
 - c. Tax increment financing
 - d. Business attraction and retention programs
 - e. Beautification programs
 - f. Business assistance programs—e.g., façade improvement, code compliance
 - g. Annexation
 - h. Subdivision policies and regulations, particularly as they relate to storm-water management
 - i. Zoning
 - j. Building code administration
 - k. Municipal facilities expansion—in particular, water and wastewater utility expansions
3. How would you describe your leadership and management styles?

Interaction with Governing Body

1. What do you perceive to be the chief administrator's role in working with the governing body, local government attorney, and clerk?
2. What are your expectations of the governing body in relation to
 - a. Yourself
 - b. Other staff
3. How and when do you communicate with the governing body?

Candidate Thoughts on Role of Administrator

1. In your opinion, what role should the administrator have in the community?
2. Do you believe the administrator should be an active member of a service or fraternal organization? If yes, why?
3. How do you deal with the news media?
4. How do you deal with special-interest or single-interest groups?
5. What is the best way for an administrator to deal with an angry constituent?

Personnel Experience

1. How and when do you delegate responsibility and authority?
2. Have you ever been at the bargaining table and been actively engaged in negotiating an agreement?
3. Have you taken part in mediation, fact finding, or arbitration? Which ones? Please explain your experience in such process(es) including your role/level of involvement and your thoughts regarding the outcomes of these experiences.
4. Have you ever had to discipline, demote, or fire an employee? Please elaborate.
5. How do you educate, encourage, and motivate your staff?
6. Are you familiar with state and federal laws relating to nondiscrimination, sexual harassment, employees with disabilities, and equal opportunity?
7. Have charges of violation of state or federal employment laws or a grievance ever been filed against you or your city? Please explain.
8. What experience have you had in the preparation and implementation of personnel rules, regulations, procedures, and compensation plans? Please describe.

³ Adapted from the Illinois City/County Management Association's *A Guide to the Recruitment and Selection of a Chief Administrative Officer*.

9. What is your experience with employee benefits administration, group health insurance, and risk management?
10. What in your opinion is the most serious issue today in local government personnel management?
11. How and when should private sector resources (e.g., contractors) be used to provide village services?

Financial Management Experience

1. Is there a difference between a financial plan and a budget? If so, please explain how they differ.
2. Are/were you the designated budget officer for your local government? Did you prepare and present the budget to the council, and upon adoption, were you responsible for implementation? Please explain the outcomes of various budget processes and any challenges you encountered through budget development through council adoption.
3. What is your experience with debt financing? Please give an example.
4. Have you secured and administered any type of loans or grants? Please give an example.
5. Describe the most successful capital improvement project you were responsible for and what made it successful?
6. Have you reviewed our annual budget and/or annual report? If yes, what is your impression of our financial condition?
7. What is your opinion of “pay as you go” financing of maintenance and capital projects? Special assessments? Special taxing districts?

8. What type of financial reports do you provide the elected body and with what frequency?
9. Have you read our comprehensive or general plan? What are your impressions or thoughts?

Intergovernmental Relations Experience

1. What experience have you had in dealing with
 - a. Councils of government/intergovernmental agencies?
 - b. County government?
 - c. Other local governments (schools, parks, etc.)?
 - d. State agencies?
 - e. Federal agencies?
 - f. State legislature?
 - g. Congress?
2. Do you feel comfortable “lobbying”?

External Organizational and Professional Association Relations

1. Have you been an active participant in the activities of a statewide municipal league, statewide city or county management association, the International City/County Management Association (ICMA) or other professional organizations devoted to local government? Please give examples of your activities.
2. Are you an ICMA Credentialed Manager? If so, how do you fulfill your annual professional development requirement?

Relations with Applicants—Do's and Don'ts

Do:

- Keep all candidates informed of their status at all times.
- Identify one point of contact through which everything flows, including contacts with candidates, reference checks, etc., in order to ensure that the information, messages, and details are consistent and that the process is fair and equitable.
- Keep all information strictly confidential throughout the entire recruitment and selection process unless state law requires otherwise.
- Create an outreach strategy that will ensure a diverse candidate pool.
- After carefully reviewing all applicant submittals, select a short list of the most promising candidates.
- While maintaining the confidentiality, carefully check educational credentials and references on those candidates judged best qualified.
- Invite those candidates judged best qualified for initial interviews at the local government's expense.
- Send the candidates under consideration an information packet that may include the outreach brochure and copies of your government's budget, charter, annual report, and other pertinent documents; or provide the information on where to find this material on the agency's website.
- Pay expenses of the candidates invited to a second interview (and of their spouses/partners, if applicable).
- Perform detailed background checks on the final candidate(s).
- Visit, if possible, the local governments in which the most promising candidates work.
- Be prepared to enter into a formal written employment agreement with the successful candidate.
- Promptly notify all other candidates once the selection has been made and the position has been accepted. However, it is best to wait until the selected finalist has accepted the position and the agency and candidate have mutually agreed to the provisions of the employment contract.

Don't:

- Let the selection process last too long.
- Expect to get all the necessary information about the candidates from written material.
- Forget that you are seeking overall management ability, not technical competence in one specialized field.
- Forget to consider candidates who are assistant managers as well as current managers
- Overlook the need for candidates to possess municipal administrative experience and the advantages or value of college or university training, post degree training, and continued professional development.
- Release for publication any names or local governments of candidates unless state law requires it.

ICMA Model Employment Agreement

Introduction

This Agreement, made and entered into this [date], by and between the [local government] of [state], [town/city/county] a municipal corporation, (hereinafter called "Employer") and [name], (hereinafter called "Employee") an individual who has the education, training and experience in local government management and who, as a member of ICMA, is subject to the ICMA Code of Ethics, both of whom agree as follows:

Section 1: Term

Recommended

A. This agreement shall remain in full force in effect from [date] until terminated by the Employer or Employee as provided in Section 9, 10 or 11 of this agreement.

Option 2

The term of this agreement shall be for an initial period of [#] years from [date] to [date]. This Agreement shall automatically be renewed on its anniversary date for a [#] year term unless notice that the Agreement shall terminate is given at least [#] months (12 months recommended) before the expiration date. In the event the agreement is not renewed, all compensation, benefits and requirements of the agreement shall remain in effect until the expiration of the term of the Agreement unless Employee voluntarily resigns. In the event that the Employee is terminated, as defined in Section 9 of this agreement, the Employee shall be entitled to all compensation including salary, accrued vacation and sick leave, car allowance paid in lump sum plus continuation of all benefits for the remainder of the term of this agreement.

Section 2: Duties and Authority

Employer agrees to employ [name] as [title] to perform the functions and duties specified in [legal reference] of the [local government] charter and by [legal reference] of the [local government] code and to perform other legally permissible and proper duties and functions.

Section 3: Compensation

Recommended

- A. Base Salary: Employer agrees to pay Employee an annual base salary of [\$ amount], payable in installments at the same time that the other management employees of the Employer are paid.
- B. This agreement shall be automatically amended to reflect any salary adjustments that are provided or required by the Employer's compensation policies.
- C. Consideration shall be given on an annual basis to increase compensation.

Option 1

The Employer agrees to increase the compensation of the Employee dependent upon the results of the performance evaluation conducted under the provisions of Section 12 of this Agreement. Increased compensation can be in the form of a salary increase and/or a bonus.

Option 2

The Employer agrees to increase the compensation by [%] each year.

Option 3

The Employer agrees to increase the compensation each year by the minimum of the average across the board increase granted to other employees of the Employer.

Option 4

The Employer agrees to increase the compensation of the Employee dependent upon the results of the performance evaluation conducted under the provisions of Section 12 of this Agreement in addition to providing a fixed annual increase in the Employee's salary based on an agreed upon economic indicator, such as the Consumer Price Index.

Section 4: Health, Disability and Life Insurance Benefits Recommended

- A. The Employer agrees to provide and to pay the premiums for health, hospitalization, surgical, vision, dental and comprehensive medical insurance for

the Employee and his/her dependents equal to that which is provided to all other employees of the [local government] or, in the event no such plan exists, to provide coverage for the Employee and dependents.

- B. The Employer agrees to put into force and to make required premium payments for short term and long term disability coverage for the Employee.
- C. The Employee may elect to submit once per calendar year to a complete physical examination, including a cardio-vascular examination, by a qualified physician selected by the Employee, the cost of which shall be paid by the Employer.
- D. The Employer shall pay the amount of premium due for term life insurance in the amount of three (3) times the Employee's annual base salary, including all increases in the base salary during the life of this agreement. The Employee shall name the beneficiary of the life insurance policy.

Option 1

- A. The Employer agrees to provide for health, hospitalization, surgical, vision, dental and comprehensive medical insurance for the Employee and his/her dependents equal to that which is provided to all other employees of the [local government] or, in the event no such plan exists, to provide coverage for the Employee and dependents. Employer shall pay all premiums for the Employee and the Employee's dependents.
- B. The Employer agrees to put into force and to make required premium payments for short term and long term disability coverage for the Employee.
- C. The Employee may elect to submit once per calendar year to a complete physical examination, including a cardio-vascular examination, by a qualified physician selected by the Employee, the cost of which shall be paid by the Employer.
- D. The Employer shall pay the amount of premium due for term life insurance in the amount of three (3) times the Employee's annual base salary, including all increases in the base salary during the life of this agreement. The Employee shall name the beneficiary of the life insurance policy.

Option 2

- 1. The Employer shall provide travel insurance for the Employee while the Employee is traveling on the Employer's business, with the Employee to name beneficiary thereof. Should the Employee die while on travel for the Employer, the Employer shall

cover the full cost of retrieving and transporting the Employee's remains back to the custody of the Employee's family.

Section 5: Vacation, Sick, and Military Leave

Recommended

- A. Upon commencing employment, the Employee shall be credited with sick and vacation leave equal to the highest annual accrual provided to all other employees. The Employee shall then accrue sick and vacation leave on an annual basis at the highest rate provided to any other employees.
- B. Upon commencing employment, the Employee shall have access to a bank of 180 sick days to be used in the case of serious medical conditions. This leave can only be used to provide coverage during the waiting period between the onset of illness or disability and the point at which short or long term disability coverage takes effect and may be renewed after each occurrence.
- C. The Employee is entitled to accrue all unused leave, without limit, and in the event the Employee's employment is terminated, either voluntarily or involuntarily, the Employee shall be compensated for all accrued vacation time, all paid holidays, executive leave, and other benefits to date.
- D. The Employee shall be entitled to military reserve leave time pursuant to state law and [local government] policy.

Additional Option

- 1. The Employee shall annually be credited with five (5) days of executive leave.

Section 6: Automobile

The Employee's duties require exclusive and unrestricted use of an automobile to be mutually agreed upon and provided to the Employee at the Employer's cost, subject to approval by Employer which shall not be withheld without good cause. It shall be mutually agreed upon whether the vehicle is purchased by the city, provided under lease to the city or to the Employee, or provided through a monthly allowance.

Option 1 - Monthly Vehicle Allowance

The Employer agrees to pay to the Employee, during the term of this Agreement and in addition to other

salary and benefits herein provided, the sum of [dollar amount] per year, payable monthly, as a vehicle allowance to be used to purchase, lease, or own, operate and maintain a vehicle. The monthly allowance shall be increased annually by [% or \$] amount. The Employee shall be responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses attendant to the purchase, operation, maintenance, repair, and regular replacement of said vehicle. The Employer shall reimburse the Employee at the IRS standard mileage rate for any business use of the vehicle beyond the greater [local government] area. For purposes of this Section, use of the car within the greater [local government] area is defined as travel to locations within a _____ mile (recommended fifty (50) mile) radius of [local government office].

Option 2 - Employer Provided Vehicle

The Employer shall be responsible for paying for liability, property damage, and comprehensive insurance, and for the purchase (or lease), operation, maintenance, repair, and regular replacement of a full-size automobile.

Section 7: Retirement

Recommended

1. The Employer agrees to enroll the Employee into the applicable state or local retirement system and to make all the appropriate contributions on the Employee's behalf, for both the Employer and Employee share required.
2. In addition to the Employer's payment to the state or local retirement system (as applicable) referenced above, Employer agrees to execute all necessary agreements provided by ICMA Retirement Corporation [ICMA-RC] or other Section 457 deferred compensation plan for Employee's [continued] participation in said supplementary retirement plan and, in addition to the base salary paid by the Employer to Employee, Employer agrees to pay an amount equal to [percentage of Employee's base salary, fixed dollar amount of \$], or maximum dollar amount permissible under Federal and state law into the designated plan on the Employee's behalf, in equal proportionate amount each pay period. The parties shall fully disclose to each other the financial impact of any amendment to the terms of Employee's retirement benefit.

In lieu of making a contribution to a Section 457 deferred compensation plan, the dollar value

of this contribution may be used, at the Employee's option, to purchase previous service from another qualified plan.

Option 1

Recognizing that effective service with the community is based in part on the stability provided through a long-term relationship, the Employer shall provide a retirement annuity, as directed by the Employee, at a rate of [dollar amount], payable at the completion of each quarter of the fiscal year. This annuity serves as a retirement contribution and does not require further action of the Employer.

Option 2

The Employer shall adopt a qualified 401(a) defined contribution plan offered through ICMA Retirement Corporation for the Employee in the form of a money purchase plan to which the Employer shall contribute [%] of salary or [%] of compensation annually.

2A. Option: The Employee shall be required to contribute [%] of base salary or [dollar amount] annually on a pre-tax basis as a condition of participation.

Option 3

The Employer shall adopt a qualified 401(a) profit-sharing plan offered through ICMA Retirement Corporation for the Employee in the form of a money purchase plan to which the Employer shall contribute [%] of all performance bonuses annually.

3A. Option: The Employee shall be required to contribute [%] of base salary or [dollar amount] annually on a pre-tax basis as a condition of participation.

Section 8: General Business Expenses

Recommended

1. Employer agrees to budget for and to pay for professional dues and subscriptions of the Employee necessary for continuation and full participation in national, regional, state, and local associations, and organizations necessary and desirable for the Employee's continued professional participation, growth, and advancement, and for the good of the Employer.
2. Employer agrees to budget for and to pay for travel and subsistence expenses of Employee for professional and official travel, meetings, and occasions to adequately continue the professional development of Employee and to pursue necessary official functions for Employer, including but not limited

to the ICMA Annual Conference, the state league of municipalities, and such other national, regional, state, and local governmental groups and committees in which Employee serves as a member.

3. Employer also agrees to budget for and to pay for travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for the Employee's professional development and for the good of the Employer.
4. Employer recognizes that certain expenses of a non-personal but job related nature are incurred by Employee, and agrees to reimburse or to pay said general expenses. The finance director is authorized to disburse such moneys upon receipt of duly executed expense or petty cash vouchers, receipts, statements or personal affidavits.
5. The Employer acknowledges the value of having Employee participate and be directly involved in local civic clubs or organizations. Accordingly, Employer shall pay for the reasonable membership fees and/or dues to enable the Employee to become an active member in local civic clubs or organizations.

Option 1

Technology: The Employer shall provide Employee with a computer, software, fax/modem, cell phone and pager required for the Employee to perform the job and to maintain communication.

Section 9: Termination

Recommended

For the purpose of this agreement, termination shall occur when:

1. The majority of the governing body votes to terminate the Employee at a duly authorized public meeting.
2. If the Employer, citizens or legislature acts to amend any provisions of the [charter, code, enabling legislation] pertaining to the role, powers, duties, authority, responsibilities of the Employee's position that substantially changes the form of government, the Employee shall have the right to declare that such amendments constitute termination.
3. If the Employer reduces the base salary, compensation or any other financial benefit of the Employee, unless it is applied in no greater percentage than the average reduction of all department heads, such action shall constitute a breach of this agreement and will be regarded as a termination.

4. If the Employee resigns following an offer to accept resignation, whether formal or informal, by the Employer as representative of the majority of the governing body that the Employee resign, then the Employee may declare a termination as of the date of the suggestion.
5. Breach of contract declared by either party with a 30 day cure period for either Employee or Employer. Written notice of a breach of contract shall be provided in accordance with the provisions of Section 20.

Option 1

In the event the Employee is terminated by the Employer during the six (6) months immediately following the seating and swearing-in of one or more new governing body members, and during such time that Employee is willing and able to perform his duties under this Agreement, then, Employer agrees to pay Severance in accordance with Section 10 plus salary and benefits in accordance with Section 10 for any portion of the six months not worked.

Section 10: Severance

Severance shall be paid to the Employee when employment is terminated as defined in Section 9.

If the Employee is terminated, the Employer shall provide a minimum severance payment equal to one year salary at the current rate of pay. This severance shall be paid in a lump sum unless otherwise agreed to by the Employer and the Employee.

The Employee shall also be compensated for all accrued sick leave, vacation time, all paid holidays, and executive leave. The Employer agrees to make a contribution to the Employee's deferred compensation account on the value of this compensation calculated using the rate ordinarily contributed on regular compensation.

For a minimum period of one year following termination, the Employer shall pay the cost to continue the following benefits:

1. Health insurance for the employee and all dependents as provided in Section 4A
2. Life insurance as provided in Section 4D
3. Short-term and long-term disability as provided in Section 4B
4. Car allowance or payment of lease, or provide option to buy city vehicle at depreciated value
5. Out placement services should the employee desire them in an amount not to exceed [\$10,000 to \$15,000 recommended], and
6. Any other available benefits.

If the Employee is terminated because of a conviction of a felony, then the Employer is not obligated to pay severance under this section.

Section 11: Resignation

In the event that the Employee voluntarily resigns his/her position with the Employer, the Employee shall provide a minimum of 30 days notice unless the parties agree otherwise.

Section 12: Performance Evaluation

Employer shall annually review the performance of the Employee in [month] subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by the Employer and Employee. The process at a minimum shall include the opportunity for both parties to: (1) prepare a written evaluation, (2) meet and discuss the evaluation, and (3) present a written summary of the evaluation results. The final written evaluation should be completed and delivered to the Employee within 30 days of the evaluation meeting.

Section 13: Hours of Work

It is recognized that the Employee must devote a great deal of time outside the normal office hours on business for the Employer, and to that end Employee shall be allowed to establish an appropriate work schedule.

Section 14: Outside Activities

The employment provided for by this Agreement shall be the Employee's sole employment. Recognizing that certain outside consulting or teaching opportunities provide indirect benefits to the Employer and the community, the Employee may elect to accept limited teaching, consulting or other business opportunities with the understanding that such arrangements shall not constitute interference with nor a conflict of interest with his or her responsibilities under this Agreement.

Section 15: Moving and Relocation Expenses

Recommended

Employee agrees to establish residence within the corporate boundaries of the local government, if required, within [number] months of employment, and thereafter to maintain residence within the corporate boundaries of the local government.

- A. Employer shall pay directly for the expenses of moving Employee and his/her family and personal property from [location name] to [location name]. Said moving expenses include packing, moving, storage costs, unpacking, and insurance charges.
- B. Employer shall reimburse Employee for actual lodging and meal expenses for his/her family in route from [location name] to [location name]. Mileage costs for moving two personal automobiles shall be reimbursed at the current IRS allowable rate of [cents amount] per mile.
- C. Employer shall pay Employee an interim housing supplement of [dollar amount] per month for a period commencing [date], and shall continue for a maximum of [#] months, or until a home is purchased and closed on, within the corporate limits of the [local government name], whichever event occurs first.
- D. Employer shall reimburse Employee for a total of [number] round trip air fares for Employee and his/her family [amount of total tickets] at any time during the first year of service to assist with house hunting and other facets of the transition and relocation process. The Employee and his/her family may utilize and distribute the total [enter number] individual round trip tickets in any combination of individual members making the trips. The Employee shall be reimbursed for actual lodging and meal expenses incurred by Employee or his/her family members on any trips conducted prior to relocation, as detailed herein.
- E. The Employee shall be reimbursed, or Employer may pay directly, for the expenses of packing and moving from temporary housing to permanent housing during the first year of this agreement.
- F. The Employer shall pay the Employee's tax liability on all Employer provided benefits for relocation and housing.

Option 1

The Employer shall pay a lump sum payment of [\$] to the Employee to cover relocation costs.

Section 16: Home Sale and Purchase Expenses

Recommended

- A. Employee shall be reimbursed for the direct costs associated with the sale of Employee's existing personal residence, said reimbursement being limited to real estate agents' fees, and other closing

costs that are directly associated with the sale of the house. Said reimbursement should not exceed the sum of [\$].

- B. Employee shall be reimbursed for the costs incidental to buying or building a primary residence within the [local government], including real estate fees, title insurance, and other costs directly associated with the purchase or construction of the house, said reimbursement not to exceed the sum of [\$].

Option 1

Employer shall reimburse Employee for up to three discount points within thirty (30) days following purchase of a home within the corporate limits of [local government name], in an effort to minimize mortgage rate differentials.

Option 2

Employer shall provide Employee with a _____ [fixed-interest, variable-interest, interest-only] loan to purchase a house. The amount of the loan shall not exceed \$_____. The loan shall be repaid in full to the Employer upon the occurrence of either of the following events: (i) the home, or the Employee's interest in the home, is sold, transferred, or conveyed, or (ii) the Employee's employment with the Employer, for any reason, is terminated. The Employer and Employee shall execute any and all documents necessary to document this transaction. In the case where the value of the home decreases, the Employee shall not be required to repay the loan.

Option 3

Employer agrees to provide the Employee a loan for the purchase of a home in an amount not to exceed [dollar amount]. Employee shall pay Employer a monthly mortgage payment of [dollar amount] for interest, which is equal to the amount currently being paid in principle and interest for the current residence. Employee shall accrue equity at a rate of [%] per month.

Upon termination of employment with the Employer, Employee shall have a maximum of six months to sell the home while continuing to reside in it under the terms and conditions here. Should the home sell during the time period, Employer shall receive 100% of the proceeds minus the percentage of equity accrued by Employee as described above, and minus the amount of equity originally invested by Employee. Said accrued equity and original equity shall both be payable to Employee upon closing. Said original equity invested shall be calculated as an

amount equal to the percentage of original purchase price, represented by the original equity investment by Employee, and adjusted to be the same percentage of equity in the current sale price of the home. All closing costs borne by the seller shall be split between Employer and Employee in a proportion equal to the equity share described above. Should the house fail to sell within the allotted six month time period, Employer has the option of following the previous arrangement to continue in place or to purchase equity, calculated as provided above, plus the original cost of all improvements made to the property.

Section 17: Indemnification

Beyond that required under Federal, State or Local Law, Employer shall defend, save harmless and indemnify Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as [job title] or resulting from the exercise of judgment or discretion in connection with the performance of program duties or responsibilities, unless the act or omission involved willful or wanton conduct. The Employee may request and the Employer shall not unreasonably refuse to provide independent legal representation at Employer's expense and Employer may not unreasonably withhold approval. Legal representation, provided by Employer for Employee, shall extend until a final determination of the legal action including any appeals brought by either party. The Employer shall indemnify employee against any and all losses, damages, judgments, interest, settlements, fines, court costs and other reasonable costs and expenses of legal proceedings including attorneys fees, and any other liabilities incurred by, imposed upon, or suffered by such Employee in connection with or resulting from any claim, action, suit, or proceeding, actual or threatened, arising out of or in connection with the performance of his or her duties. Any settlement of any claim must be made with prior approval of the Employer in order for indemnification, as provided in this Section, to be available.

Employee recognizes that Employer shall have the right to compromise and unless the Employee is a party to the suit which Employee shall have a veto authority over the settlement, settle any claim or suit; unless, said compromise or settlement is of a personal nature to Employee. Further, Employer agrees to pay all reasonable litigation expenses of Employee throughout the pendency of any litigation to which

the Employee is a party, witness or advisor to the Employer. Such expense payments shall continue beyond Employee's service to the Employer as long as litigation is pending. Further, Employer agrees to pay Employee reasonable consulting fees and travel expenses when Employee serves as a witness, advisor or consultant to Employer regarding pending litigation.

Section 18: Bonding

Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

Section 19: Other Terms and Conditions of Employment

The Employer, only upon agreement with Employee, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of the Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the [local government] Charter or any other law.

A. Except as otherwise provided in this Agreement, the Employee shall be entitled to the highest level of benefits that are enjoyed by other [appointed officials, appointed employees, department heads or general employees] of the Employer as provided in the Charter, Code, Personnel Rules and Regulations or by practice.

Section 20: Notices

Notice pursuant to this Agreement shall be given by depositing in the custody of the United States Postal Service, postage prepaid, addressed as follows:

- (1) EMPLOYER: [Title and address of relevant official (mayor, clerk, etc.)]
- (2) EMPLOYEE: [Name and address for tax purposes of Employee]

Alternatively, notice required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 21: General Provisions

- A. Integration. This Agreement sets forth and establishes the entire understanding between the Employer and the Employee relating to the employment of the Employee by the Employer. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties by mutual written agreement may amend any provision of this agreement during the life of the agreement. Such amendments shall be incorporated and made a part of this agreement.
- B. Binding Effect. This Agreement shall be binding on the Employer and the Employee as well as their heirs, assigns, executors, personal representatives and successors in interest.
- C. Effective Date. This Agreement shall become effective on _____, ____.
- D. Severability. The invalidity or partial invalidity of any portion of this Agreement will not effect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.

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ICMA Code of Ethics

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.
3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.
4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.
5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.
6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.
8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.
9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.
10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.
11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.
12. Public office is a public trust. A member shall not leverage his or her position for personal gain or benefit.

Adopted by the ICMA Executive Board in 1924, and most recently revised by the membership in April 2015.



Leaders at the Core of Better Communities



ICMA Code of Ethics with Guidelines

The ICMA Code of Ethics was adopted by the ICMA membership in 1924, and most recently amended by the membership in April 2015. The Guidelines for the Code were adopted by the ICMA Executive Board in 1972, and most recently revised in June 2015.

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

Tenet 1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.

Tenet 2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

GUIDELINE

Advice to Officials of Other Local Governments. When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities.

Tenet 3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

GUIDELINES

Public Confidence. Members should conduct themselves so as to maintain public confidence in their profession, their local government, and in their performance of the public trust.

Impression of Influence. Members should conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

Appointment Commitment. Members who accept an appointment to a position should not fail to report for that position. This does not preclude the possibility of a member considering several offers or seeking several positions at the same time, but once a bona fide offer of a position has been accepted, that commitment should be honored. Oral acceptance of an employment offer is considered binding unless the employer makes fundamental changes in terms of employment.

Credentials. An application for employment or for ICMA's Voluntary Credentialing Program should be complete and accurate as to all pertinent details of education, experience, and personal history. Members should recognize that both omissions and inaccuracies must be avoided.

Professional Respect. Members seeking a management position should show professional respect for persons formerly holding the position or for others who might be applying for the same position. Professional respect does not preclude honest differences of opinion; it does preclude attacking a person's motives or integrity in order to be appointed to a position.

Reporting Ethics Violations. When becoming aware of a possible violation of the ICMA Code of Ethics, members are encouraged to report the matter to ICMA. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.

Confidentiality. Members should not discuss or divulge information with anyone about pending or completed ethics cases, except as specifically authorized by the Rules of Procedure for Enforcement of the Code of Ethics.

Seeking Employment. Members should not seek employment for a position having an incumbent administrator who has not resigned or been officially informed that his or her services are to be terminated.

Tenet 4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.

GUIDELINE

Length of Service. A minimum of two years generally is considered necessary in order to render a professional service to the local government. A short tenure should be the exception rather than a recurring experience. However, under special circumstances, it may be in the best interests of the local government and the member to separate in a shorter time. Examples of such circumstances would include refusal of the appointing authority to honor commitments concerning conditions of employment, a vote of no confidence in the member, or severe personal problems. It is the responsibility of an applicant for a position to ascertain conditions of employment. Inadequately determining terms of employment prior to arrival does not justify premature termination.

Tenet 5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

GUIDELINE

Conflicting Roles. Members who serve multiple roles – working as both city attorney and city manager for the same community, for example – should avoid participating in matters that create the appearance of a conflict of interest. They should disclose the potential conflict to the governing body so that other opinions may be solicited.

Tenet 6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.

Tenet 7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

GUIDELINES

Elections of the Governing Body. Members should maintain a reputation for serving equally and impartially all members of the governing body of the local government they serve, regardless of party. To this end, they should not participate in an election campaign on behalf of or in opposition to candidates for the governing body.

Elections of Elected Executives. Members shall not participate in the election campaign of any candidate for mayor or elected county executive.

Running for Office. Members shall not run for elected office or become involved in political activities related to running for elected office, or accept appointment to an elected office. They shall not seek political endorsements, financial contributions or engage in other campaign activities.

Elections. Members share with their fellow citizens the right and responsibility to vote. However, in order not to impair their effectiveness on behalf of the local governments they serve, they shall not participate in political activities to support the candidacy of individuals running for any city, county, special district, school, state or federal offices. Specifically, they shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund-raising activities for individuals seeking or holding elected office

Elections relating to the Form of Government. Members may assist in preparing and presenting materials that explain the form of government to the public prior to a form of government election. If assistance is required by another community, members may respond.

Presentation of Issues. Members may assist their governing body in the presentation of issues involved in referenda such as bond issues, annexations, and other matters that affect the government entity's operations and/or fiscal capacity.

Personal Advocacy of Issues. Members share with their fellow citizens the right and responsibility to voice their opinion on public issues. Members may advocate for issues of personal interest only when doing so does not conflict with the performance of their official duties.

Tenet 8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.

GUIDELINES

Self-Assessment. Each member should assess his or her professional skills and abilities on a periodic basis.

Professional Development. Each member should commit at least 40 hours per year to professional development activities that are based on the practices identified by the members of ICMA.

Tenet 9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.

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Tenet 10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

GUIDELINE

Information Sharing. The member should openly share information with the governing body while diligently carrying out the member's responsibilities as set forth in the charter or enabling legislation.

Tenet 11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.

GUIDELINE

Equal Opportunity. All decisions pertaining to appointments, pay adjustments, promotions, and discipline should prohibit discrimination because of race, color, religion, sex, national origin, sexual orientation, political affiliation, disability, age, or marital status.

It should be the members' personal and professional responsibility to actively recruit and hire a diverse staff throughout their organizations.

Tenet 12. Public office is a public trust. A member shall not leverage his or her position for personal gain or benefit.

GUIDELINES

Gifts. Members shall not directly or indirectly solicit, accept or receive any gift if it could reasonably be perceived or inferred that the gift was intended to influence them in the performance of their official duties; or if the gift was intended to serve as a reward for any official action on their part.

The term "Gift" includes but is not limited to services, travel, meals, gift cards, tickets, or other entertainment or hospitality. Gifts of money or loans from persons other than the local government jurisdiction pursuant to normal employment practices are not acceptable.

Members should not accept any gift that could undermine public confidence. De minimus gifts may be accepted in circumstances that support the execution of the member's official duties or serve a legitimate public purpose. In those cases, the member should determine a modest maximum dollar value based on guidance from the governing body or any applicable state or local law.

The guideline is not intended to apply to normal social practices, not associated with the member's official duties, where gifts are exchanged among friends, associates and relatives.

Investments in Conflict with Official Duties. Members should refrain from any investment activity which would compromise the impartial and objective performance of their duties. Members should not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict of interest, in fact or appearance, with their official duties.

In the case of real estate, the use of confidential information and knowledge to further a member's personal interest is not permitted. Purchases and sales which might be interpreted as speculation for quick profit should be avoided (see the guideline on "Confidential Information"). Because personal investments may appear to influence official actions and decisions, or create the appearance of impropriety, members should disclose or dispose of such investments prior to accepting a position in a

local government. Should the conflict of interest arise during employment, the member should make full disclosure and/or recuse themselves prior to any official action by the governing body that may affect such investments.

This guideline is not intended to prohibit a member from having or acquiring an interest in, or deriving a benefit from any investment when the interest or benefit is due to ownership by the member or the member's family of a de minimus percentage of a corporation traded on a recognized stock exchange even though the corporation or its subsidiaries may do business with the local government.

Personal Relationships. Member should disclose any personal relationship to the governing body in any instance where there could be the appearance of a conflict of interest. For example, if the manager's spouse works for a developer doing business with the local government, that fact should be disclosed.

Confidential Information. Members shall not disclose to others, or use to advance their personal interest, intellectual property, confidential information, or information that is not yet public knowledge, that has been acquired by them in the course of their official duties.

Information that may be in the public domain or accessible by means of an open records request, is not confidential.

Private Employment. Members should not engage in, solicit, negotiate for, or promise to accept private employment, nor should they render services for private interests or conduct a private business when such employment, service, or business creates a conflict with or impairs the proper discharge of their official duties.

Teaching, lecturing, writing, or consulting are typical activities that may not involve conflict of interest, or impair the proper discharge of their official duties. Prior notification of the appointing authority is appropriate in all cases of outside employment.

Representation. Members should not represent any outside interest before any agency, whether public or private, except with the authorization of or at the direction of the appointing authority they serve.

Endorsements. Members should not endorse commercial products or services by agreeing to use their photograph, endorsement, or quotation in paid or other commercial advertisements, marketing materials, social media, or other documents, whether the member is compensated or not for the member's support. Members may, however, provide verbal professional references as part of the due diligence phase of competitive process or in response to a direct inquiry.

Members may agree to endorse the following, provided they do not receive any compensation: (1) books or other publications; (2) professional development or educational services provided by nonprofit membership organizations or recognized educational institutions; (3) products and/or services in which the local government has a direct economic interest.

Members' observations, opinions, and analyses of commercial products used or tested by their local governments are appropriate and useful to the profession when included as part of professional articles and reports.

***Code of Ethics
and
Conduct for Members of
Council***

Code of Ethics and Conduct for Council and Administration

Preamble

The purpose of the Code of Ethics and Conduct is as follows:

- ❖ *To provide guidance to Council and administration so as to ensure that each are accorded reasonable and fair treatment.*
- ❖ *To assist Council Members in avoiding problems relating to role clarity and behaviour.*
- ❖ *To preserve the integrity of the Council and administration.*
- ❖ *To protect the individual rights of Council and administration as normal citizens.*

These guidelines are additional to any requirements at law and do not excuse any member from complying with any common law or statute law.

Primary Focus

Both Council and its administration recognize that its allegiance and loyalties are to the Town as a whole and not to any individual(s) or group(s).

Authority and Powers

Each member of Council will respect the legislation which accords to Council as a whole the authority to make decisions which guide the actions of the administration. This authority is vested in Council when it is convened as a body at a duly constituted meeting.

Council members will therefore refrain from attempting to guide or influence individual members of staff other than the Chief Administrative Officer and then only through discussions as a Council.

Relationships to Council Members and/or Administration

Each member shall ensure that their behaviour prior to, during, or following a meeting or hearing, towards other Council members, members of the administration, and representatives of the public is at all times:

- ❖ courteous, professional, fair and unbiased
- ❖ contributes to the preservation of orderly decorum in a hearing
- ❖ avoids sarcasm, derogatory comments, or questions or comments designed to embarrass
- ❖ is respectful of the rulings of the Council as a whole.

Fair Treatment

Each member has a responsibility to ensure that all persons are:

- ❖ treated fairly regardless of race, gender, religion, age, disability or occupation,
- ❖ dealt with in good faith,
- ❖ dealt with without bias and in an even-handed temper, and
- ❖ given an adequate opportunity to state their case.

As chairman of Council meetings, the Reeve as Chief Elected Official should not tolerate:

- ❖ discourtesy by one party to another
- ❖ rudeness to members of staff or the public
- ❖ disruptive behaviour

and should personally speak to any member guilty of such behaviour.

Council Decision-Making

Council Members will ensure that:

- ❖ the decision-making process of Council is transparent, accessible, and equitable;
- ❖ decisions are made through appropriate channels of the civic structure;
- ❖ public office is not used for personal gain;
- ❖ the conduct of Members of Council is of the highest standard; and
- ❖ there is fairness and respect for the differences amongst Council Members and a duty to work together for good will and the common good.

Relations with Staff

- ❖ Members of Council shall acknowledge and respect that staff work for the Town as a corporate body and are responsible for making recommendations that reflect their professional expertise and the municipality's corporate objectives, without undue influence from any individual Councillor.
- ❖ In addition, Members shall acknowledge and respect that staff carry out directions of Council as a whole and administer the policies of the Town. A Member of Council shall refrain from using his/her position to improperly influence members of staff in their duties or functions or to gain an advantage for him/her or others.
- ❖ Members of Council are free to relay any operational concerns, suggestions, or

service requests of their own or of others, to the Chief Administrative Officer (CAO) or department heads, but are not permitted to direct the operations of the municipality or the actions of any staff member.

- ❖ Members of Council shall not contact any staff directly to discuss official municipality business, except for the CAO and department heads, except during an emergency.
- ❖ Members of Council may be in discussion on Town premises with any staff member at any time in a casual conversation not directly related to that staff member's primary work responsibilities so long as it does not appear to be placing pressure on that staff member to take direction or action based on the influence of the Member of Council.
- ❖ Members of Council shall refrain from publicly criticizing individual members of staff as that will cast aspersions on their professional competence and credibility.

Council Plans and Priorities

- ❖ Council will establish its "*corporate business plan*" on an annual basis. This plan will set the stage for the general guidance of corporate actions.
- ❖ The CAO will be charged with establishing the "*administrative business plan and actions*" which will guide the administration's day to day objectives and priorities.
- ❖ The CAO will be held accountable for accomplishing the "*corporate business plan*" in its approved or amended form. He will be given sole authority over the "*administrative business plan*" providing it is in keeping with the context and spirit of Council's "*corporate business plan*".

Requests for Information

Council members will direct their requests for information or action to the office of the CAO or to the appropriate department head. If the matter is subject to a current Council policy, the administration will respond as quickly as possible in filling the request. If the request is not covered by a current policy, it will be forwarded to the CAO who will place the matter before Council to receive its direction.

Conflict of Interest

Neither Council members nor members of the administration will act in such a way as to constitute a conflict of interest. All residents will be treated equally. No special

favor will be granted unless it is approved by a legal resolution of Council. Any decisions on matters of pecuniary interest (either direct or indirect) which impact family members in a way not consistent with the population as a whole will be deferred pending the advice of the municipality's solicitor.

In this, as in all matters, the legislation will prevail.

Council Spokesperson

The official decisions of Council will be conveyed to the public and all others by way of Council resolutions, bylaws and policies. These decisions will be conveyed by the Reeve as Chief Elected Official (or his/her designate) to the media as directed by the official Council decision.

Any other comments on Council positions by any other member of Council which are not consistent with the official position should be prefaced as personal opinion only.

Public Statements

Council member is not restricted in any public statement they choose to make, but as a member of the Council they are expected to:

- ❖ support the role of the Council and its administration
- ❖ support the current policies of the Council, and
- ❖ support the decisions of the Council.

Any requests by the media to the administration for comment or information on matters pertaining to a matter within the jurisdiction of the Council and not yet subject to an approved policy should be immediately referred to the CAO and through her to the Reeve.

Members of Council will accurately and adequately communicate the attitudes and decisions of Council, even if they disagree with the majority decision of Council. Members shall show respect for the decision-making process of Council and should publicly support the decisions of Council despite their individual opinion at the time that the decision was made.

Information concerning adopted policies, procedures, and decisions of the Council shall be conveyed openly and accurately. Confidential Information will be communicated only when and after determined by Council that it is appropriate to do so.

Use of Municipal Property

Council Members may only use municipal property or services for activities connected with the discharge of official duties or associated community activities having the sanction of Council or permitted by municipal policies.

Acceptance of Gifts

A Council member is expected to avoid any actual or reasonable apprehension of bias in the acceptance of gifts and shall;

- ❖ accept only those token gifts of protocol or social obligation that occur in normal business relationships, and
- ❖ not accept a fee, gift or other benefit that is connected directly or indirectly with the performance of the duties of his/her office (see below).

All gifts shall be reported to the Chief Administrative Officer or Clerk of Council.

Council Members may only receive gifts, hospitality, or entertainment that are received as an incident of protocol or social obligation that normally accompanies the responsibilities of elected office. Any gifts, benefits, or hospitality that exceeds these guidelines shall be refused or immediately returned. Gifts, souvenirs, or mementos with a value greater than \$200, if accepted, shall be the property of the Town.

Council Members may accept hospitality or entertainment if the offer is infrequent and appropriate to the occasion. If the value of such a gift is in excess of \$200 or thought to be in excess of \$200 this shall be reported to the CAO and/or Reeve and a decision from the Council shall be sought by the Council member.

Nothing in this section prevents the receipt of personal gifts, benefits, rewards, commissions or compensation from any person or organization not connected directly or indirectly with the performance or duties of office (i.e. full-time employment with another organization).

Council Members may also accept the following:

- a) political contributions that are otherwise offered, accepted, and reported in accordance with applicable Provincial law (i.e. *Local Authorities Election Act and MGA*),
- b) food and beverages at banquets, receptions, ceremonies or similar events,
- c) services provided by a person volunteering their time,

- d) food, lodging, transportation, and entertainment provided by other levels of government, boards, or commissions,
- e) reimbursement of reasonable expenses incurred and honorariums received in the performance of activities connected with municipal associations or agencies.

Bribery

A Council Member is to be alert to any attempt of bribery and shall:

- ❖ reject bribery in any form, and
- ❖ report any attempt or perceived attempt to bribe to the Reeve and CAO.

Family Bias

A Council Member is expected to avoid any actual or reasonable apprehension of bias in dealings with relatives (defined as immediate family in the legislation) and shall not attempt to influence or persuade the administration to favor any family member in any dealing with the municipality e.g. employment, tenders, contracts, etc.

Confidentiality

Each member of Council and administration shall retain in confidence any matters presented to the Council in confidence and/or dealt with during an in camera meeting of Council.

Transparency & Openness

Members of Council will endeavour to conduct and convey Council business in an open and public manner, other than for those issues that may be discussed in Closed Session permitted by the legislation and FOIP, so that stakeholders can understand the process, logic, and rationale used to reach conclusions or decisions.

Professional Development

Council Members have the opportunity to promote, support, pursue, and partake in opportunities for professional development, including but not limited to Federal, Provincial, and Municipal conferences, seminars, and workshops. Council Members are encouraged to stay updated on issues and trends so that they can be as efficient and effective as possible in the discharge of their duties and responsibilities. Any attendance at such courses and conferences must be as per the approved budget for these matters and as per the approved policies.

Alcohol & Drug Use

Members of Council shall abide by applicable laws and regulations governing the possession or use of alcohol and drugs. The illegal use, sale, purchase, transfer, or possession of any restricted or controlled drug, narcotic or any other substance while on Town premises is prohibited.

It is never permissible for members of Council to attend to their Council duties and responsibilities having consumed alcohol, or be under the influence of drugs or other similar substances, which might adversely affect performance as elected representatives.

Registering Complaints

Where an alleged contravention of any provision of this Code of Conduct occurs, the following procedures will be adhered to:

- ❖ Individuals (i.e. municipal employees, members of the public, or Members of Council) or organizations who have identified or witnessed behavior or an activity by a Member of Council that they believe is in contravention of the Council Code of Conduct, may wish to address the prohibited behavior or activity themselves, as follows:
 - advise that Member of Council, or the CAO or another Member of Council, that the behavior or activity of that Member contravenes the Code of Conduct,
 - encourage that Member of Council to stop the prohibited behavior or activity,
 - keep a written record of the incidents including dates, times, locations, other persons present, and any other relevant information,
 - advise someone else (for example, another Member of Council or the Chief Administrative Officer) about your concern, your comments to that Member of Council, and the response of that Member of Council,
 - confirm to that Member of Council your satisfaction with the response of that Member of Council or advise that Member of Council of your dissatisfaction with the response—
 - The CAO shall submit a report to the next meeting of Council outlining the findings of the inquiry.

Adherence to the Code, Act and Council Procedures

Each Council Member shall:

- ❖ adhere to all aspects of this code of ethics;
- ❖ adhere to the requirements of the Municipal Act;
- ❖ adhere to the requirements of Council policies and procedures.

All Council members are required to be knowledgeable about the Code, related policies and laws. As such, each Council member is required to address any situations of actual or potential non-compliance by making prompt and full disclosure in writing to the Reeve or the Chief Administrative Officer (CAO). This disclosure should include a detailed description of the actual or potential breach.

Implementation

- ❖ Upon adoption of this Code of Conduct and thereafter at the beginning of each term, Council Members will be required to sign two copies of the Code of Conduct (one for the member and one for the CAO's office) to convey to each other and all stakeholders that they have read, understand, and accept it.
- ❖ A copy of the Code of Conduct will be included as part of the orientation workshop for all Council Members. Members are expected to formally and informally review their adherence to the provisions of this Code on a regular basis or when so requested by Council.

Signatures

Members of Council

Reeve_____

Councillor_____

Councillor_____

Councillor_____

Councillor_____

Councillor_____

Councillor_____

Date

Key Roles of a Chief Administrative Officer

❖ Policy Advice

One of the principal roles of any chief administrative officer is that of acting as the Council's principal policy advisor. The issues that should be presented to a Council by the CAO should be those that are significant to the well-being of the community. These should always be accompanied by the written advice of the CAO and should include reference to the existing policy that may need to be changed or waived or to a proposed new policy that ought to be drafted by the CAO and presented to Council.

It is our view that the CAO should:

- take forward to Council any issues which he/she is not familiar with and which is not a matter which is subject to a current council policy or bylaw
- provide his/her advice to Council in written form relative to any such issue, clearly outlining the key elements of the issue and including her recommendation as to the appropriate action by the council
- identify the concerns of the residents and advise Council as to the essence of any concerns and what he/she has been doing about them
- ensure that the services of the organization are clearly defined and are in concert with the expectations of the residents
- create position descriptions which reflect actual and current duties to be provided by each of the personnel
- empower staff to take action on their areas of responsibility
- provide support for staff in the face of any criticism from the public or from the council; take corrective action vis-à-vis poor performance where that is justified; provide confidential performance feedback to staff on an annual basis
- coordinate the efforts of the staff through regular (preferably at least once bi-weekly) meetings

- encourage ongoing and relevant training for staff; advise council which courses are available and which are applicable and appropriate to which member of staff
- ensure that the compensation plan and personnel policies are appropriate and fair for all employees.

❖ **Assistance to the Council in Direction-Setting**

While the Council has the principal role in setting forth the vision for and with the community, this does not happen in a vacuum. The CAO is expected to play a significant role in developing the approach to be taken by the Council in articulating its views as well as providing advice to the Council on both current and future issues that need to be taken into consideration.

The CAO should be expected to provide Council with the background to what has been done by prior Councils; the role of planning with regard to the budget; the impact of past plans on the work of the administration; the projects that have been previously committed to by this or a prior Council; the impact of public consultation on the community's priorities.

What the CAO should not do is provide Council with a comprehensive draft plan and ask for its approval. Baptizing the will of the administration is not a good example of Council's vision.

❖ **Leadership to the Administration**

The CAO is expected to play the predominant role in acting as the team leader of the administration. In this respect, he/she acts as the key linkage between the policy-makers on the one hand and the policy advisors and implementers of policy on the other. The CAO represents the narrow portion of the hour glass in that information and advice going to Council needs to be cleared through his/her office whereas the direction from Council and guidance on how the will of Council is to be discharged also flows downward from the CAO.

The CAO needs to have a thorough knowledge of the programs and services offered by the municipality. While the CAO should not be expected to be the expert in such matters where there are qualified staff leading those departments,

the CAO still needs to be sufficiently briefed as to the key directions and issues being faced by each department and/or service area.

The CAO is also responsible for directing/choosing who is to be hired in the key senior positions in the organization. Any position reporting to the CAO should be hired by the CAO. Any position reporting directly to a department head should, with few exceptions, be reviewed and approved for hiring by the CAO. The request for new positions should be approved by the CAO as should a recommendation to change the organization structure.

Managerial procedures should also be the purview of the CAO. Whereas the Council is responsible for establishing the policies of the system, the CAO needs to ensure that those are supported by effective administrative procedures. In larger centres, the CAO also will be charged with the development and approval of administrative policies.

❖ **Relationship Building with Council as a Whole**

One of the key components of a well-rounded performance review system is an assessment of the relations that the CAO has developed and maintained with all members of Council, including the relationship to the Mayor.

It needs to be made clear that the role of a CAO is set out in legislation as being subservient to the Council as a whole. This is an important distinction in that all too often the Mayor or a powerful Councillor will exert influence over the CAO as though they had ownership of his role. Such a misapprehension of roles should never be tolerated by other members of Council as it establishes a dangerous precedent for future administrator-Council relationships and because it is contrary to the law.

The CAO answers to Council as a whole. His/her reports should be addressed to the "Mayor and Councillors" and any advice presented to one should be immediately copied to all others on Council. This is one of the key mechanisms for communicating this critical understanding. While the CAO needs to have a particular relationship to the Mayor based on more extensive contact with the chief elected official, he/she must ensure that the proximity of that relationship

does not interfere with the separation of roles. The Mayor acts as Council's liaison to the CAO and will pass both information and comments along that he/she feels are significant. That relationship, however, must not grow into something it is not intended to be or there will accrue negative results.

It would be useful for the CAO to draft for Council approval certain protocols that establish how this relationship will function. Such protocols need to include:

- ❖ Direction given to the CAO
- ❖ Direction given to other members of the administration
- ❖ Contacting staff for information/advice
- ❖ Access to preliminary research reports
- ❖ Use of office for private meetings
- ❖ Distribution/Use of Councillor's access to information
- ❖ Access by the CAO to legal advice
- ❖ Role of CAO at meetings with other political leaders
- ❖ Role of CAO in approval of Councillor expense accounts
- ❖ **Fiscal Management**

Ensuring that the financial affairs of the municipality are being properly managed is also a requisite function of the CAO. While local governments often associate that responsibility with the Treasurer/Chief Financial Officer/Director of Finance, the person most accountable for the fiscal health of the municipality is the CAO. Such a statement is not contrary to any delegation of responsibility to the Chief Financial Officer (CFO). Rather, it is a reflection of the principle of personal accountability of the senior officer. The former (the CFO) is the person most likely to have the best grasp on the financial affairs of the community. The latter (i.e. the CAO) is the key member of the administration who should be held accountable by Council for ensuring that the fiscal affairs of the municipality are always maintained in a sound, healthy state. Thus, it is incumbent upon the CAO to choose someone for the important post of Chief Financial Officer who has the requisite skills and academic preparation, realizing how important that role is to the Council and residents of the community.

❖ **The CAO-Staff Relationship**

I am continually reminded that the CAO has at least one other very significant audience with whom to maintain a high degree of confidence. The administration holds the keys to whether or not the decisions of the Council are being translated into action. If the CAO and his/her senior staff are on the same page, then it is likely that the decisions of Council will successfully work their way down the system. Where there is a lack of confidence in the CAO by the senior staff, that undercurrent of non-support will also send waves across the organization and will result in discontent, low morale and poor performance. The CAO has to be the team leader and in order for that to happen, the CAO has to be able to engender respect for his/her role. This is one of the principal challenges facing a new CAO and particularly one who comes to the job without much (or any) public sector experience at the senior level.

As chief administrative officer, one of the principal functions is to provide both a directing and coordinating role vis-a-vis other staff. The CAO is to be responsible for the functions and activities carried out by subordinate staff. While it is apparent that the CAO will need to know something about each of their areas of responsibility, it is equally evident that the CAO will need to rely upon the expertise and academic training possessed by each of these individuals.

❖ **Relationship to the Public**

The CAO also has an important role in setting the tone of the municipality's relationship with the public. If the CAO sees the public as the client and the most important audience that the staff have for their work, then the responsiveness of the CAO will underline this sense of closeness to the people being served. If, on the other hand, the CAO is seemingly more interested in the technology of city hall and/or the outside involvements that he/she has, then the administration as a whole may respond with indifference to the needs and complaints of the public.

Local municipal officials must be prepared to respond to all sorts of demands both reasonable and unreasonable. There are times when the pressures are heavy and

responses to the public are not made in as courteous and polite manner as they might be.

The CAO and all other staff members must remember that they serve the public and that they are the people who represent the Municipality to them. The job is not always easy but a positive attitude toward the public will not only help - it should be considered as essential.

❖ **Quality of Reports**

It is our view that the principal mandate of the senior staff, particularly the Chief Administrative Officer, is to advise the Council as to its policies, programs, decisions and budget. A CAO is normally retained due to their expertise and experience. It is that which Council wishes to "tap". Such advice should be prepared and delivered by the CAO to Council in advance of any meeting (whether Committee or Council).

It is ultimately the Chief Administrative Officer's responsibility to check each report to Council in light of the following:

- does this issue need to be decided by Council?
- is this issue of considerable political interest to Council?
- has the appropriate format been followed?
- is the information complete?
- is it wellwritten?
- do I agree with the recommendation(s); if yes, have I signed it off; if not, have I attached my own report?

In the final analysis, it is the responsibility of the Chief Administrative Officer to ensure that any reports which are to be presented to Council meet the stated (written) standards of quality and completeness. This does not necessitate that the Chief Administrative Officer defer or dismiss reports which he may not fundamentally agree with but, rather, that he ensure that his own opinion, if contrary to that of the writer, is presented to Council as the covering document. In some instances, the Chief Administrative Officer might wish to request Council

to defer or delay a decision until the management has had further opportunity to study the issue(s).

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The Governance Zone A Council-CAO Covenant

One of the most significant issues facing any Council is how they interrelate with their chief administrative officer (CAO). While this issue varies from Council to Council and from term to term it is almost inevitable that issues will arise in this very important relationship unless steps are taken to manage the relationship.

One of the techniques which I have recommended is a Council-CAO Covenant which simply draws together into one place the various commitments that a Council should be prepared to make to their chief administrative officer and conversely, the commitments that ought to be a part of the “sign on” process of any CAO. While these do not have the legislative weight of the contract and bylaw, they speak to issues which will surely become germane or central to the relationship which will unfold. Such a Covenant is proactive: it recognizes that there will inevitably be issues of dispute between a Council and its senior advisor and that without contemplating these, the fact that they occur at all might be viewed with more credence (and surprise) than need be.

A Covenant tries to identify the basis of some of these issues and to agree in advance to what actions and attitudes are deemed by all to be appropriate and helpful. Such a document will never be fully inclusive nor will it anticipate every situation. But, it can be a useful start.

What Should a Council Covenant?

Council members ought to be prepared to covenant with each other and with their CAO that they will:

carry out their responsibilities as set out in the applicable legislation to the best of their abilities

- *this presumes a comprehensive orientation to those responsibilities and to the matters which are actually ascribed to the Council*

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make decisions which we believe to be in the best interests of the majority of citizens while recognizing that the needs and voices of the minority(s) need to be thought through and reflected in such decisions

- *Council members are not elected to represent minorities; they are elected to make decisions which would seem to be in the best interests of the majority as though the will of the people had been tested by some process of referendum*

review the background information and advice made available by the administration prior to rendering a decision

- *this suggests two critical aspects: a) that the administration are capable of providing comprehensive and forthright analysis of a situation and clearly-written advice on what course of action the Council should take; and b) that the Council members are sufficiently competent and committed to actually read the materials prepared for them and think through their consequences*

seek further input when we are unsure of the issues or uncertain as to the preferred course of action

- *this implies that the Council members will not rush to judgment but will check on questions relating to policy issues that may not be sufficiently clear before committing to a resolution; thus Councillors would be loathe to commit themselves to any course of action UNTIL the actual Council meeting wherein such determinations are to be made*
refer any complaints, either written or verbal, about the decisions of Council or the actions of administration, to the CAO for review, comment and follow-up (as appropriate)

- *Council members acknowledge that complaints will be raised with them by various forms of media and that there is a reasonable process whereby they can be heard without alarm; Council agrees that referring such matters to the CAO (or to another senior level staff member(s) if so agreed is a reasonable course of action*

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- *Council members will thus refrain from exaggerating such complaints as if there was a hallelujah chorus of the public behind each complaint refrain from making any commitments on behalf of Council to individual citizens or groups other than to take the request up with the Council or CAO and to respond appropriately*

- *Council members thus acknowledge their limitations as imposed by legislation that individually they cannot make any such commitments without breaking both the law and Council's own protocols*

seek to participate actively in the decision-making process

- *Democracy works if the elected members agree to participate; Councillors agree that while each does not have to speak to every issue, each has an obligation to express aloud to other members of Council why they will not support a particular resolution*

refrain from any public or private criticism of our administration wherein individual employees are identified

- *Councillors recognize that they hold a powerful position relative to members of the administration and in so doing, they gracefully and rightfully agree to refrain from bashing individual members of the administration simply because this or that project did not turn out to their satisfaction*

act as good stewards of the municipality and as public servants of the citizenry through ethical conduct

- *All members of Council realize the expectation of the public that their elected representatives will hold themselves accountable for ethical standards that may be above that expected of the general populace; Councillors will thus encourage their independent auditor to examine their actions from time to time to ensure that decisions pertaining to possible conflicts of interest, pecuniary benefit or personal expense accounts are all handled within the approved policies of the Council*

provide effective leadership through guiding the corporation and the municipality through annual or longer term goals and priorities, through the

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budget approval process and by agreeing to reasonable policies which reflect, in their view, the best interests of a majority of our citizens

- *Council members are expected to lead through a thoughtful process of examination of the challenges before the community and the best and most logical steps to a successful conclusion; Council members agree to participate in an annual process of corporate planning and to abide by the results of such a process as they will be used to guide the business plan and budget development processes of the municipality*

ensure that there is a formal evaluation of the performance of the CAO at least once annually and involve the CAO in this process so as to ensure a full understanding of the Council's candid assessment

- *a key part of the covenant with the CAO is the commitment to regularly evaluate the work of the CAO in light of Council's expectations as well as the achievement of the CAO's stated objectives; this process is undertaken in a planned, sober-minded way which all can agree is enveloped with sincerity and a desire to seek improvement.*

What have I missed? I may have inadvertently overlooked a number of issues which could be included in this "covenant"! What is included reflects my perspective and experience relative to the key issues which can arise and befuddle what should be cherished as the key and core relationship between a Council and its CAO.

Next Month: The Covenant of a Chief Administrative Officer

The following month: Romance in the Office

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The Governance Zone A Council-CAO Covenant (Part Two)

In part one of this mini-series on a Council-CAO Covenant, I wrote “One of the most significant issues facing any Council is how they interrelate with their chief administrative officer (CAO). While this issue varies from Council to Council and from term to term it is almost inevitable that issues will arise in this very important relationship unless steps are taken to manage it. One of the techniques which I have recommended is a Council-CAO Covenant which simply draws together into one place the various commitments that a Council should be prepared to make to their chief administrative officer and conversely, the commitments that ought to be a part of the “sign on” process of any CAO”. In my last article I suggested a number of commitments that a Council should be prepared to make to their CAO. In this article I follow up with the other side of the coin: what should a chief administrative officer be prepared to commit to his or her Council?

What Should a CAO Covenant?

A chief administrative officer ought to be prepared to covenant with his/her Council that he/she will:

✦ conduct myself as your chief policy advisor in an honest and ethical manner

There are two key and very significant aspects to this element of the covenant: one that the CAO will act as your chief policy advisor; the second that he/she will do so in an honest and ethical manner. While I could write a book describing the CAO as a chief policy advisor perhaps it is sufficient to express briefly that if he/she is not advising Council on EVERY policy decision, either the Council is not expecting very much or the CAO does not have a good grasp on what the single most important thing an advisor to Council should be doing. And despite the degree of importance that I place on the advisory aspect of a CAO’s position, none of that will matter if the CAO is not acting in an ethical manner. The administrative organization is known by its leadership. If it is tainted by scandal the fact that the rest of the organization is suffering should not be that surprising.

✦ ensure that the Mayor and Councillors are accorded respect in all of my personal and public comments

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It's too easy to fall in with the rest of an audience and say disparaging things about a Council which may be struggling through an issue(s). This proviso underlines the importance of two separate yet intertwined concepts: that the CAO will be very careful to always show respect to his/her elected officials regardless of any personal misgivings about this Councillor or that and secondly that there are no "off site" locations wherein a CAO can freely express any negative impressions.

- 1. ***provide advice (on all issues) which is professionally sound, ethical, legal and in accordance to the policies and objectives of Council***

Council has the right to expect that all advice either authored or signed off by the CAO will be the absolute best that he/she can offer on that issue with the resources and information they have available. The Council should never be looking behind the report to see what the CAO may be hiding. If he/she is guilty of doing that, the trust is broken and the relationship at an end.

- 2. ***guide the actions of the administration so that they are in accordance with the policies and objectives of Council***

It is the responsibility of a CAO to set the standard, communicate the expectations of his/her department heads and expect them to do the same with their direct reports. The standard is that which ought to be expected if staff is following the direction of management as intended and if that direction is in concert with the policies of Council. This neither too much to expect or too onerous a burden on the CAO. Council needs to have this assurance.

- 3. ***act only on the will of Council as a whole as established by the resolutions, policies and bylaws of Council***

The CAO agrees to follow the will of Council as expressed by the official statements of the Council as conveyed by policies, resolutions and bylaws. The CAO is not expected to follow the will of the Mayor if that is contrary to the will of Council nor the whim of a member of Council regardless of how vigorously stated.

- 4. ***forward any complaints or concerns of Council to the appropriate department and individual so that reasonable and prompt follow-up is assured***

Council members are not expected to find their way through the organization to the "best" person to handle a complaint or enquiry. A protocol should inform Councillors of the right

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course of action to follow. The CAO is ultimately responsible for ensuring that such a protocol exists and that any inquiries are responded to promptly and within policy.

- ✚ ***ensure that Council is made aware of the full picture with regard to each issue at least to the extent that the administration is aware of such information and ensure that Council has access to the reasonable decision options as well as my recommendation as your CAO***

Council's decisions depend upon good inputs. The latter is generally in the form of an agenda package largely constructed by the administration. This commitment by the CAO stipulates that he/she will ensure that Council will have access to the full picture on any issue as well as a thoughtful recommendation from the CAO.

- ✚ ***seek to ensure that Council is aware of any key issues as they arise and thus avoid the problems associated with surprises***

In my 12 year life as an elected official (during which I also worked full-time as a consultant) I had an ongoing arrangement with our CAO: he would endeavour to make sure I was not confronted by a surprise in terms of what was happening in my community. While this took some degree of scheduling given our travels, he was excellent at making sure that to the best of his ability I was not caught "off guard" about an incident at home. Even when the issue might have been embarrassing, the CAO would claim full responsibility and express his commitment to getting the issue resolved.

- ✚ ***maintain a current understanding of the applicable legislation as well as relevant programs, policies and initiatives of the Provincial and Federal governments***

The CAO has an obligation to be informed. He/she has an administration who have access to their counterparts in the Provincial or federal governments and can find out what changes of substance they should be aware of which may impact the municipality. It is not the function of elected officials to do this legwork.

- ✚ ***admit to any mistakes of substance made by myself or my staff and take corrective action***

Similar to the point above relative to no surprises, the CAO makes a commitment to be accountable for mistakes in the actions of his/her administration and to take the necessary actions to make sure such mistakes are reduced or eliminated.

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✦ *listen carefully to the concerns of Council vis-à-vis my performance and seek to improve any deficiencies on an ongoing basis*

In some pieces of legislation the Council is obligated to provide the CAO with an annual review of his/her performance. This is a very significant component of good governance and should be religiously pursued by both the Council and CAO. In this instance the CAO is committing to making any needed improvements noted by the Council.

The relationship of a CAO to his/her Council is a complex one and core to the well-being of any community. This “covenant” seeks to embrace most of the significant pieces of that relationship and sets out what I believe to be central to the “marriage vows” undertaken by both parties whenever a CAO is hired.

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The Governance Zone A Council-CAO Covenant (Part Three)

Having just had a series of conversations around the issue of Council's degree of involvement with the affairs of management, I decided to add a third chapter to this mini-series on a Council-CAO Covenant. In part, I want to address why this issue (if not the covenant) is so relevant and difficult and in part to try to address why the Council-CAO relationship still seems so fragile.

The Council (see Part One) should covenant that it will:

- carry out their responsibilities to the best of their abilities
- make decisions which we believe to be in the best interests of the majority of citizens
- review the background information and advice from the administration
- seek further input when unsure of the issues/preferred course of action
- refer any complaints, either written or verbal, to the CAO
- refrain from making any commitments on behalf of Council to individual citizens or groups
- seek to participate actively in the decision-making process
- refrain from any public or private criticism of our administration
- act as good stewards of the municipality and as public servants of the citizenry through ethical conduct
- provide effective leadership through annual or longer term goals
- conduct a formal evaluation of the performance of the CAO at least once annually

A CAO (Part Two) should also covenant that he/she will:

- ✦ conduct myself as your chief policy advisor in an honest and ethical manner
- ✦ ensure that the Mayor and Councillors are accorded respect
- ✦ provide advice (on all issues) which is professionally sound, ethical, legal
- ✦ guide the actions of the administration according to Council's policies
- ✦ act only on the will of Council as a whole as established by the resolutions, policies and bylaws of Council
- ✦ forward any complaints or concerns of Council to the appropriate department and individual so that reasonable and prompt follow-up is assured

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- ✚ ensure that Council is made aware of the full picture with regard to each issue
- ✚ seek to ensure that Council is aware of any key issues as they arise and thus avoid the problems associated with surprises
- ✚ maintain a current understanding of the applicable legislation, programs and policies of other orders of Government
- ✚ admit to any mistakes of substance made by myself or my staff and take corrective action
- ✚ listen carefully to the concerns of Council vis-à-vis my performance and seek to improve any deficiencies on an ongoing basis

Why is this Relevant?

Regardless of the numbers of articles I and others have written on this topic and the number of consulting assignments this has generated, the issues are often still on the front burner. Council members often prefer to become administrators and ironically, administrators can sometimes act as though they were members of Council. The issue cuts both ways. And, it inflicts damage regardless of who is being “cut”.

My thesis is that a professional administrator respects his/her professional preparation and that of their administrative colleagues. They rightly recognize that if they need “help” to administer, they somehow failed the training program and have abandoned their degree(s). They would be astounded to believe that someone off the street with a completely different background with perhaps equal skills but in very separate occupations would not be able to occupy their position of municipal administrator.

Could this person “off the street” be capable of understanding other people in their community? Certainly! Could that same person (s) be capable of choosing between policy alternatives? Absolutely! Could this person “off the street” be capable of delivering speeches and manage to get themselves elected? Well, yes; in fact that is how this person moved into the Council Chambers! Ah, but did you think you should have moved them into the administrator’s office or did you feel that is why you were hired?

Differing Skills Required

You see, the roles are vastly different and the skill set one which requires not only considerably different preparation but also distinctly different skills once on the job.

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In some instances the CAO has an engineering degree or background; in other instances the CAO might have been the City Treasurer or Clerk; in some he/she would have a degree in finance or community services or planning. In each instance (and with very few exceptions) these people have considerable experience guiding administrative staff in a municipal, provincial or federal department or not-for-profit organization. In other words they generally have a background that enables them to function as a first rate administrator (and not therefore as a first rate politician).

These roles are not interchangeable. If they were we would see evidence in countless communities of successful Council members resigning from office and becoming equally successful administrators. With very few exceptions that does not happen. The approach of an administrator is based on “what works?” The approach of an elected official is “what works politically?”

The key to this Council-CAO covenant being of some help lies in the willingness of both parties to govern their behavior accordingly. This is a considerable presumption and one which can and frequently does fall apart. It is fragile because it is not nurtured and respected. The relationship between a Council and its CAO is either taken for granted because it has always seemed healthy enough or it is tenuous because Council has in its midst a rogue member who insists on undermining the professionalism of the administration.

Requires More than a Code

Success in this critical relationship requires much more than a code of conduct or a covenant or even a legal agreement. There are a number of such documents in municipal offices, sometimes adorning the walls of the Council Chambers. The intent when such documents are created is admirable. Those agreeing to the document(s) have often long since left the municipal scene and have entrusted the commitments they represent to others.

With any change in Council or in who is hired to serve as the CAO, a fresh start is strongly recommended. A new relationship must be forged.

It requires the commitment of all parties to the agreement including the senior staff who act as subordinates and colleagues to the CAO and the Council and Mayor who are

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to provide policy leadership, generally on the advice of the CAO. These commitments ought not to be taken lightly.

Next Month: Romance in the Office

ICMA Code of Ethics

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.
3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.
4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.
5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.
6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.
8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.
9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.
10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.
11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.
12. Public office is a public trust. A member shall not leverage his or her position for personal gain or benefit.

Adopted by the ICMA Executive Board in 1924, and most recently revised by the membership in April 2015.



Leaders at the Core of Better Communities

Smarter, Faster, Cheaper

An Operations Efficiency Benchmarking Study of 100 American Cities

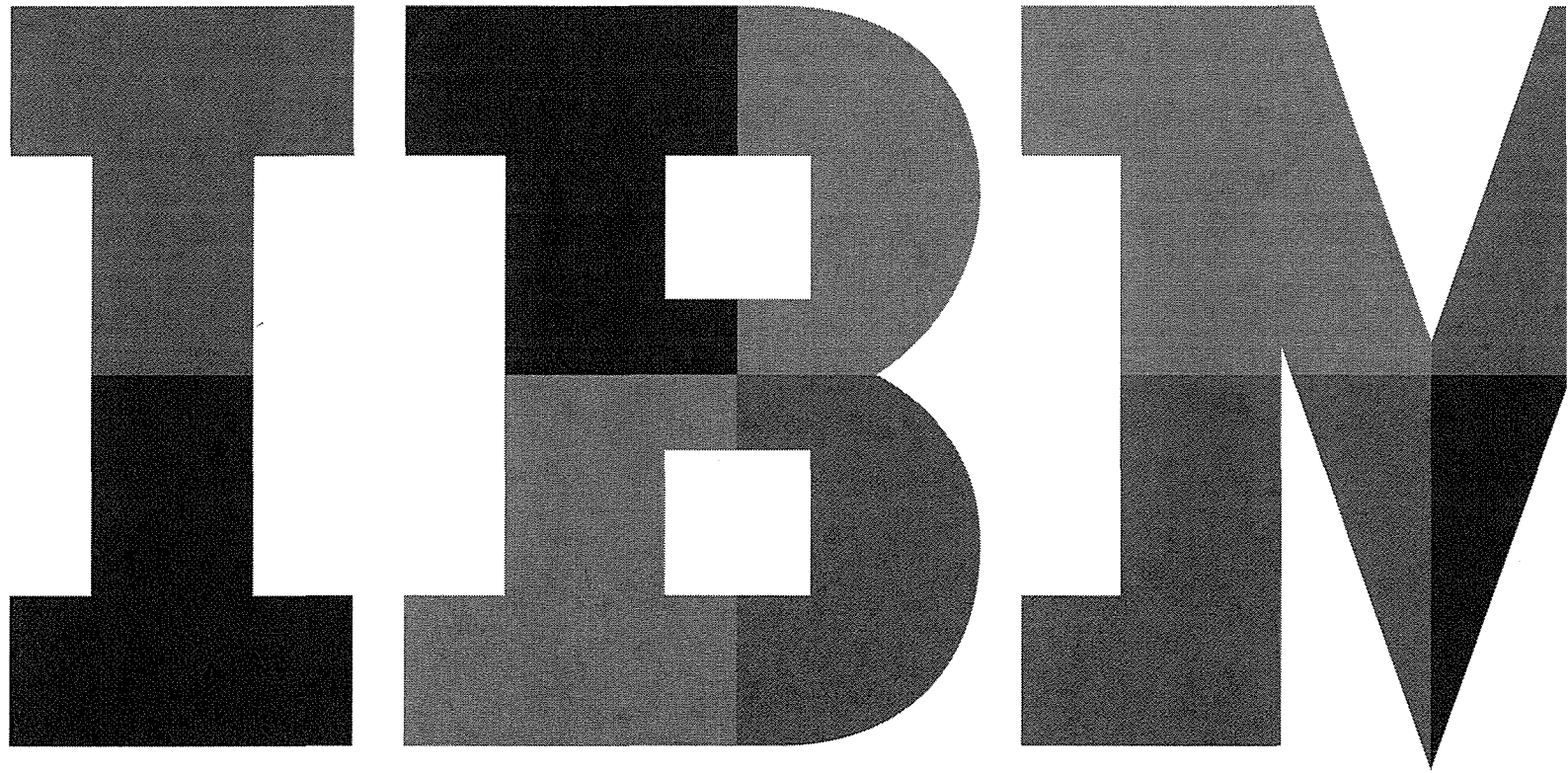


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Introduction

According to the Government Accountability Office (GAO), local governments in the United States are collectively facing a \$225 billion structural budget deficit, which constitutes about 12% of their total spending¹. Since these are structural deficits, they will not diminish even when the economy starts expanding again. These shortfalls represent a fundamental disconnect between the spending commitments city governments have made and the level of revenue growth they can reasonably expect to achieve.

As a consequence of these structural deficits, each year local governments must find a combination of new revenues and spending reductions to close the gap in their budgets. Since 2006 local governments have shed 353,000 jobs, including teachers, police officers and fire fighters. They have furloughed employees, refinanced pension obligations, and spent down reserve funds in order to minimize service reductions. Our analysis of the budget-closing measures employed by 13 cities in the State of California last year suggests that between 30% and 60% of the budget-balancing measures adopted by local governments represent one-time savings or revenue generating measures rather than permanent changes to cost structures. This is not surprising, as a similarly narrow approach has too often dominated conversations around the burgeoning federal deficit. But one-off cuts are not the answer. As these options exhaust themselves, more layoffs and services reductions are inevitable. Instead of just doing less, there is a way for cities to operate smarter, so that they can do more with less.

For this reason, there is no better time than now to take a hard look at the efficiency of local governments. If local government leadership will take the time to perform the analysis required to identify and root out inefficiencies in their operations, they can shed costs without significantly impacting service levels. In many cases, the thoughtful application of innovations in business process, organizational design, and technology can in fact reduce costs and improve services simultaneously.

One effective means for an organization to identify inefficiencies in their operations is through benchmarking. By comparing the operational profile of similarly situated organizations, opportunities for improved performance can be uncovered. To help cities address the worst budget climate in generations, IBM used publicly available data to benchmark the 100 largest cities in the United States to assess and compare how efficiently they operate. The results of that study, and recommendations for what cities can do with these findings, are the subject of this paper.

Our goal is straightforward: by comparing the efficiency with which cities deploy resources, IBM hopes to provide mayors and city managers with a road map for where they should be looking for high-yield savings opportunities in their own local government operations. Given the financial pressures cities face and the likelihood that unfavorable economic conditions will persist for the foreseeable future, there is no better time for local governments to become "smarter, faster, cheaper."

US Cities Included in the Study											
Akron	Boston	Columbus, GA	Orlando	Kansas City	Madison	Oakland	Portland	San Diego	St. Petersburg		
Albuquerque	Chandler	Corpus Christi	Gilbert	Knoxville	Memphis	Okla. City	Raleigh	San Francisco	Stockton		
Annapolis	Charlotte	Dallas	Glendale	Lansing	Mesa	Omaha	Reno	San Jose	Tampa		
Arlington, TX	Chesapeake	Des Moines	Greensboro	Las Vegas	Miami	Orlando	Richmond	Santa Ana	Thousand Oaks		
Atlanta	Chicago	Detroit	Hialeah	Lexington	Milwaukee	Overland Park	Riverside	Scottsdale	Tulsa		
Aurora	Chula Vista	Durham	Honolulu	Lincoln	Minneapolis	Peoria	Rochester	Seattle	Virginia Beach		
Austin	Cincinnati	El Paso	Houston	Long Beach	Nashville	Philadelphia	Sacramento	Shreveport	Wichita		
Bakersfield	Cleveland	Fort Worth	Huntington Beach	Los Angeles	New Orleans	Phoenix	Salem	Springfield	Winston-Salem		
Baltimore	Colorado Springs	Fresno	Irving	Louisville	Newark	Pittsburgh	St. Lake City	St. Louis	Worcester, Mass		
Birmingham	Columbus	Fl. Lauderdale	Jacksonville	Lubbock	Norfolk	Piano	San Antonio	St. Paul	Yonkers		

Figure 1: US Cities included in the study

The Inefficiency in Our Midst

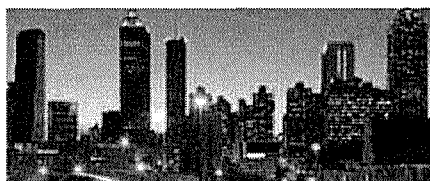
All large organizations harbor inefficiencies. When IBM embarked on its transformation program in the early 1990s, the company eliminated \$6 billion in costs, primarily by simply being smarter about what we did and how we did it. IBM now orchestrates similar exercises on behalf of clients, and what we have learned is that no business operation is perfectly efficient. Just about any business process can be tweaked or adjusted in some manner to yield a cost saving. Mostly it's just a matter of looking for it.

However, once a process inefficiency is identified, fixing it is not a costless endeavor. Re-engineering business processes can be expensive and often require investments in technology, organizational redesign and change management. As a consequence, the biggest challenge for any organization is not necessarily in identifying inefficiencies, but in focusing attention on those inefficiencies where re-engineering investments are likely to yield the highest return.

In our experience, one of the best means for identifying "high yield" operations improvement opportunities is through benchmarking. The reason is quite simple: by comparing the operating performance metrics of a large sample of similarly situated organizations, there is a good chance that you can surface examples of highly efficient operating environments in specific service areas. At the very least, these examples can help management set their performance targets ("if Charlotte can deliver this service as this cost, we should be able to do so as well"). At best, these examples can provide a set of specific lessons that management can attempt to duplicate in their own city ("perhaps we can automate that process the way that Phoenix has"). If nothing else, benchmarking can force managers to take a hard look at their operations simply to explain why their resource deployment differs from their peers.

Our analysis of the spending and employment practices of the 100 American cities included in our study has yielded two major findings:

- The level of resources that cities dedicate to delivering basic municipal services varies enormously. In fact, per capita spending in certain services areas can differ by a factor of ten.



The Tao of Benchmarking

When Mayor Shirley Franklin first took office in 2002 in Atlanta, she managed to secure the pro bono services of a strategy consulting firm to deliver a series of planning projects. One of the first of these projects was a benchmarking study which compared Atlanta's spending profile to seven peer cities. Once the numbers were crunched, it turned out that Atlanta ranked next to last among these peer cities in terms of efficiency as measured by per capita spending.

Franklin established an operation within the Mayor's Office specifically dedicated to fixing this. One of the first places this team decided to look was in the city's court system, which an earlier review had suggested was rife with mismanagement. In 2003 a benchmarking study and organizational redesign of the court system was performed. In relatively short order, the study demonstrated rather convincingly that Atlanta was spending nearly 300% more on its court system than those of the best practice court systems in the country. Based on the re-organization and re-engineering plan subsequently developed and implemented, Atlanta reduced court spending from \$30 million to \$11 million over three years, reduced the number of sitting judges from 18 to 10, and shrank the total municipal court workforce from 249 to 114.

While savings opportunities of that degree are relatively rare, the interesting point is that few people within Atlanta city government at that time thought that the city was overspending on the courts. In fact, there were some council members and court administrators who were pressing for increases in funding.

Over the eight years of Mayor Franklin's term in office, she conducted over a dozen of these operational reviews. Ultimately the city reduced its headcount by 25% and eliminated \$120 million in spending. When the original benchmarking study was repeated in 2009, Atlanta had improved from seventh to second place among the eight cities included in the efficiency rankings. Atlanta ranks 13th in IBM's MICE rankings.

The lesson is that until you look and look hard, you don't really know what is being over-funded. As was the case with Atlanta's courts system, it is not always obvious. Benchmarking can be an indispensable tool for uncovering those opportunities.

- This broad variation in resource deployment does not seem to be driven by exogenous factors: spending does not generally correlate with population, per capita income, geographic size, labor conditions (union vs. non-union), or differences in workloads (e.g., park acreage).

This can lead to only one conclusion: in assessing the relative efficiency of resource allocation among municipal governments, management and policy choices are what matter. Cities spend what they spend because they choose to spend it. These choices come in two forms:

- *Cities make strategic choices.* Although cities are chartered to provide a variety of core municipal services (and are in some cases legally required to provide them), they generally have significant flexibility to determine the breadth and depth of those services. What specific services are provided to whom and at what level are all strategic choices that cities are largely free to make on their own. Those choices have significant cost implications.
- *Cities make operational choices.* Once a city decides which services it should deliver to which citizens at what level, management generally has broad discretion on how they will deliver those services. The choice of delivery model – the mix of capital and labor, the organizations and technologies deployed, and how they are sourced – is generally entirely discretionary to management. The quality of these choices will also have significant cost implications.

This is good news and bad news for those responsible for the management of cities. The good news is that the level of efficiency of your government is within your control and there is no shortage of examples from other cities where responsible (and re-electable) city governments have made different strategic and operational choices. The bad news is that the "usual suspects" that are often offered as excuses for failing to be more efficient – labor unions, operational environment, relative poverty – do not appear to be genuine obstacles to efficiency in local government service delivery.

The Study

The benchmarking study includes 100 of the largest cities in the United States¹ (see Figure 1). Collectively, these cities account for nearly \$51 billion in annual general government spending. To put that in perspective, municipalities in the United States spend approximately \$440 billion on core local government services² each year. This means that these 100 cities constitute approximately 12% of total local government spending in the United States.

The cities represented in this study host 17% of the total population of the United States and 20% of the nation's total urban population³. These cities have diverse forms of government: 54% of these cities have strong mayor forms of government and 46% have city managers or hybrid governments where management duties are shared by the executive and legislative branch.

The \$51 billion in spending data collected in this analysis occurs within 52 independent budget line items. These line items "roll up" into four major categories: Public Safety, Public Infrastructure, Community Development, and Support Services (see Figure 2). Overall, 57% of the spending is dedicated to public safety. A further 18% is spent on public infrastructure and 11% is spent on community development services such as housing, economic development, and health and human services. Over 14% of spending is on overhead functions including finance, human resources and information technology.

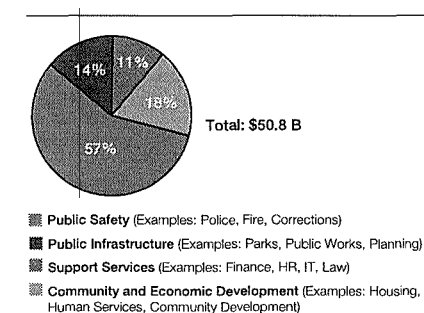


Figure 2: Spending by Functional Area for 100 Cities

For the purposes of the benchmarking analysis, a subset of spending line items have been extracted and included in the efficiency comparisons. The goal is to isolate a shared set of services to ensure that cities are being compared on an “apples to apples” basis. Of the 52 budget line items that were collected, 40 were included in the efficiency analysis. These 40 items constitute \$40 billion dollars in spending or 79% of total general government spending in these 100 cities. It is this spending upon which the efficiency rankings are based⁶.

To compare efficiency levels among cities, an index has been created called the MICE (Multivariate Index of City Efficiency). The MICE captures two key components of resource deployment: how much a city spends and how many people it employs to deliver a defined set of services. The MICE blends these two resource allocation decisions (weighted equally) into a single metric.

To account for the unique operational environments that cities encounter, city spending and employment data has been normalized on several dimensions – including population and

cost of living differences. This normalization effort minimizes the non-operational factors that might contribute to differences in resource allocation patterns. A more detailed explanation of the study’s methodology is included in Appendix A.

The average city in our sample spends \$705 per capita to provide core municipal services and employs 652 employees for every 100,000 citizens to deliver those services. The median city in the most efficient quintile spends \$500 per capita less than the median city in the least efficient quintile.

Efficiency varies to a considerable degree across cities (see Figure 3). The standard deviation within the efficiency distribution is \$178, which means that cities differ on their overall resource allocation choices by a factor of five. In some specific areas, the difference is even larger; spending on police services, for example, varies by a factor of 10. These are not minor differences. Without question, those who manage cities across the country are making very different choices about how they deploy resources to deliver a similar set of municipal services.

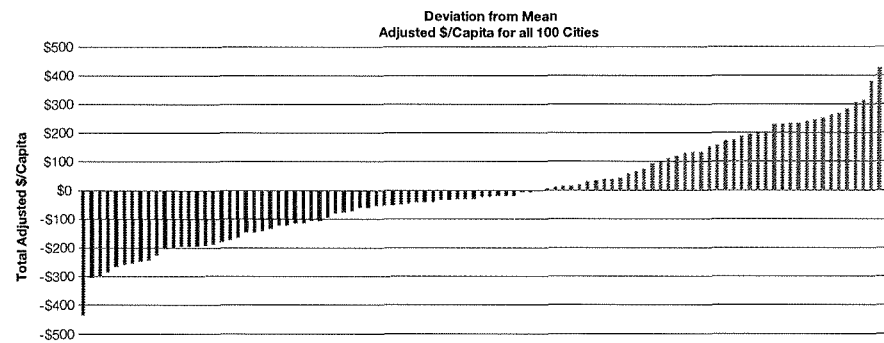


Figure 3: Variation in Spending Across Cities

What Drives Efficiency?

How can these large differences in resource utilization be explained? Observers of local government operations tend to entertain rather vague notions of what makes one city more efficiently run than another. The strength of public sector labor unions is often pointed to as an important factor in determining whether city managers can improve efficiency in operations. The “political environment” – code for the degree to which the legislative branch involves itself in management issues – is another factor that some use to explain relative performance.

Perhaps there are operational factors that come into play. Are city services subject to economies of scale? Some city services – such as public works and IT functions – have significant fixed costs associated with them; this might suggest that larger cities should be more efficient than smaller ones. What about geography? One could imagine that the costs to provide services to citizens who are widely distributed geographically would be higher than serving those living in close proximity.

Do demographic factors matter? Do cities with more prosperous residents choose to increase the breadth and quality of municipal services available to them, thereby increasing their costs? Or are wealthier cities in a better position to attract quality management which has the effect of lowering their costs?

Since one of the primary objectives of this study is to determine if any patterns could be detected among high efficiency performers and low efficiency performers, several of these potential “exogenous” drivers of efficiency have been tested.

What the analysis suggests is that efficiency does not correlate with any of these exogenous factors. As depicted in Figure 4, there appears to be no economies of scale at work: city population does not correlate with efficiency. Nor does the geographic size of the city appear to matter: there does not seem to be any advantage to having a smaller physical footprint in terms of the economics of service delivery. And the presence of labor unions with collective bargaining rights does not seem to matter; we can find no statistically significant difference in

the cost structures of cities with unions that collectively bargain and those that do not. In fact, none of the other exogenous factors that were tested can explain to a significant degree why efficiency varies among cities.

The lack of exogenous factors driving efficiency levels is a curious result. In a sample of this size, one would expect to find a set of variables that correlate with efficiency to some degree. Does scale really not matter? Can cities faced with unionized workforces really spend as little as those that are not subject to collective bargaining?

The analysis cannot fully answer those questions. What the analysis does suggest, however, is that if those factors do impact efficiency, their impact is being masked by a much more important factor. And that factor appears to be management.

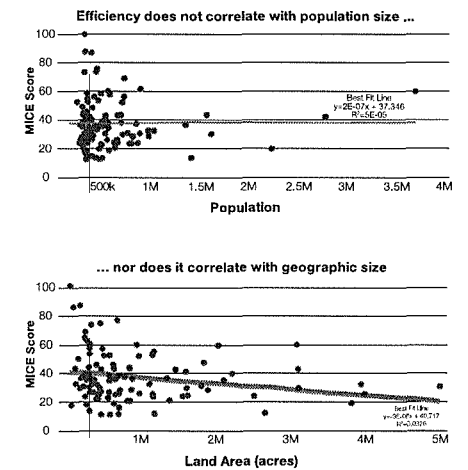


Figure 4: Drivers of Operational Efficiency

Management Matters (And It Matters A Lot)

Since none of the exogenous variables tested seem to account for differences in relative efficiency, it appears that endogenous ones must be operative. It is therefore hard not to conclude that the most important factor in determining the relative efficiency of a city is “management”. The term “management” is used to capture the two major types of impact that leaders can have on the efficiency of their governments:

1. Management makes strategic decisions about what services will be provided to which citizens and at what level of service they will be delivered.
2. Management makes operational decisions about the types of delivery models will be deployed to provide those services.

Management appears to be the key and the study provides some evidence for this. Cities with city manager forms of government are nearly 10% more efficient than cities with strong mayor forms of government. This finding appears to validate the assumption underlying city manager forms of government, notably that investing executive authority in professional management shielded from direct political interference should yield more efficiently managed cities. To put it another way, even if a city operates within conditions most favorable for efficiency – no collective bargaining, geographically compact, and peaking on all scale curves – management choices can still lead a city down the path to inefficiency. It is both a sobering and encouraging conclusion.

It is sobering because it places the spotlight on management. There is no place to hide. Yet it is encouraging because it means that managers are important. They influence outcomes.

So managers need to think hard about the strategic and operational decisions they make because those decisions are what drives the relative efficiency of their governments. The analysis cannot definitively specify which of these two management drivers – strategic or operational – is more important; however, there is some evidence in the study that can be useful in understanding the relative importance of strategic and operational choices.



Cutting Costs While Improving Service

With most cities almost solely pre-occupied with short-term budget cutting exercises, it is easy to forget that efficiency improvement efforts can in fact be thoughtful, deliberate exercises. Many cities have trained staff and adequate resources to identify, diagnose, and remedy inefficiencies in their operating divisions. Others will hire consultants to address specific areas. Unfortunately, financial crises tend to force the reliance on across-the-board cuts, hiring freezes, and other “slash and burn” tactics that rarely lead to sustainable efficiency improvements.

From IBM’s perspective, the use of benchmarking analysis such as that contained in this study can serve two purposes. First, it can place an individual city’s operations into a broader context. Why are we ranked where we are? Why can cities that look like me achieve similar outcomes at lower costs? What are we doing differently?

Secondly, it can provide aspirational targets. Just as Mayor Shirley Franklin compared her city to seven peer cities and launched a program specifically designed to improve her city’s relative efficiency ranking (see sidebar: The Tao of Benchmarking), other cities can do the same.

Once those goals are set, the key is to dedicate the staff and support resources that can focus on medium and long-term savings opportunities. In our experience, a four year program of designing and implementing an efficiency program is not an unreasonable timeframe; it may take longer to fully realize all the projected savings. Cost reduction programs that preserve (and improve) services will take time to execute.

And service levels can be improved. More effective use of technology, for example, often leads to cost reductions and improvements in service quality. Mobile field management technologies have been shown to increase the productivity of building inspectors by 20% while at the same time giving customers the ability to modify appointment schedules in real time. Automating citations have significantly reduced the time it takes for parking enforcement officers to issue tickets while at the same time reducing error rates in parking enforcement, leading to fewer customer complaints. The on-line submission of building plans expedite plan review and shorten the permitting cycle time, to the delight of developers.

Efficiency improvement programs should occupy a prominent and permanent position within city governments. They should be staffed with professionals and resourced appropriately. There is probably no better investment a city can make in its long term fiscal health.

Lost Labor's Love

Approximately 70% of municipal government expenses are labor related. If you add in post-retirement pension and health costs, the number approaches 80%. How labor is deployed and compensated is therefore the most important decision that managers make in constructing an efficient operating environment.

The study suggests that cities vary considerably in the intensity in which they deploy labor as an input in service delivery. On average, cities employ 652 employees per 100,000 residents. However, the average number of employees per 100,000 residents for the top quintile performing cities is 519 while the average for the bottom quintile performers is 983.

The use of labor – or, more accurately, labor “intensity” – is best understood in terms of how the quantity of labor employed relates to total spending. As depicted in Figure 5, cities that have relatively low spending per capita but high employment gravitate toward the top left quadrant of the chart. These are labor intensive cities that appear to retain large numbers of relatively low compensated employees. All things being equal, this is indicative of an operating environment that depends on manual, *labor-intensive* business processes. The leadership of such a city would be advised to seek out technology applications that could automate those business processes and improve overall labor productivity.

On the other hand, cities that gravitate toward to bottom right quadrant of Figure 5 have fewer employees but they appear to be more highly compensated. These are *labor-leveraged* cities. High labor costs may be driving their relative inefficiency, and those cities might be advised to seek out outsourcing opportunities in those areas that do not easily lend themselves to automation.

Cities in the top right quadrant of the chart are likely to be experiencing a combination of both of those labor issues. They would be well advised to deploy both strategies.

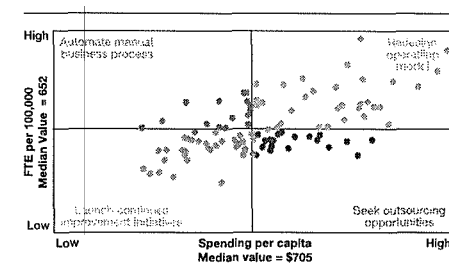


Figure 5: Cities Distributed by Spending and Employee Intensity

Deconstructing Budget Deficits

As mentioned earlier, local governments in the United States are collectively running a 12% structural budget deficit. This deficit is structural in the sense that even when revenues “recover” – that is, when the recession is over and the economy is expanding again – these deficits will not go away. The only means for eliminating these deficits is either to shift the revenue curve up – by say, increasing tax rates or adding new sources of revenue – or by shifting the cost curve down.

There are two ways to shift the cost curve down: eliminate services or become more efficient in the services that are delivered. Under the assumption that cities do not want to increase tax rates or add new taxes, the question becomes how hard will it be to close these structural deficits through cost reduction alone?

Assuming that the structural deficit ratio that applies to local governments nationally also applies to the 100 cities in our sample, these 100 cities together are running a collective \$2.3 billion budget deficit. Since the point of this study is to help cities identify areas where they should be looking for savings opportunities, let’s try to understand what level of performance improvement would be required to eliminate a deficit of this magnitude.

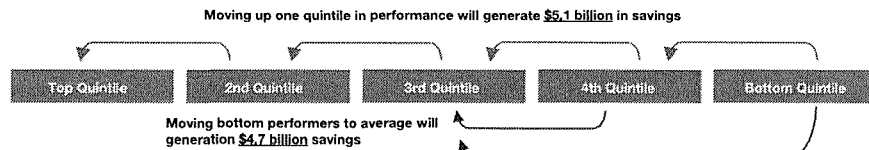


Figure 6: Cost Savings Opportunity Associated with Efficiency Improvements

Based on an analysis of the spending included in this study, if any given city moved up one quintile in the ranking, they would effectively eliminate on average 15% of their operating costs. In other words, cities do not necessarily need to aspire to move to “best practice” status in the rankings in order to achieve substantial savings. A more modest level of improvement can actually yield large expenditure reductions. If all of the cities in the bottom four quintiles simply moved up one quintile in performance (which would require a 15% improvement in efficiency on average), \$5.1 billion in total savings would be generated (see Figure 6). That is more than double of what is required to eliminate the collective \$2.3 billion deficit. If cities in the bottom two quintiles moved to the median level of performance, \$4.7 billion in savings would be realized. In other words, the 100 cities in our sample could run a collective operating surplus without any operating improvements in the top 60 performers. Clearly, the value that can be created through relatively modest improvements in efficiency is substantial.

How much effort would it take to make this level of improvement? One of the interesting findings of this analysis is that efficiency within a city can vary as widely as efficiency across cities. As you can see in Figure 7 the average standard deviation in efficiency within cities is nearly the same as the standard deviation across cities.

This is a very encouraging sign. What it suggests is that most cities already perform efficiently in certain areas. In other words, most organizations have “centers of excellence” that perform at a very high level while at the same time hosting operations that struggle to perform in an efficient manner.

Benchmarking can help management determine which of their operating entities fall in the former category and which fall in the latter.

For example, in Figure 8 (on page 12) the relative efficiency of a real (but unnamed) city in our sample is mapped. In Public Works, Parks & Recreation and IT, the city performs above average in our efficiency ratings. In Police, Fire, Law and Executive Offices, however, that same city performs well below average. Obviously, that city should focus its program of operations improvement in those areas. If it could simply move those operations to an average level of performance, it could yield \$92 million in savings, which is 20% of its total spending. In the case of this particular city, those savings alone would actually eliminate its structural operating deficit.

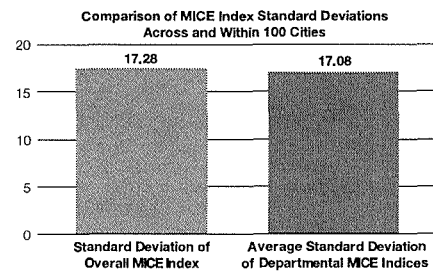


Figure 7: Standard Deviation of Efficiency Within Cities and Across Cities

To Spend or Not to Spend? And How Much?

How much should a city spend on fire fighting? Can a city spend too much on fire fighting? How would it know?

Most cities have a family of measures they rely upon to determine whether their fire departments are functioning effectively. Are the fire fighters trained properly? Are they well equipped? Do they avoid injuries? Is the community satisfied with their performance?

While these measures are important, there is a metric that overrides all others in determining the effectiveness of a fire fighting operation: can they respond quickly? More to the point, can they get the appropriate number of properly-equipped fire fighters to a Priority One fire within four minutes of a call being dispatched? If they cannot, they probably cannot get accredited.

This measure – response time – has a larger impact on the resourcing of fire fighting operations than any other consideration. In order to achieve the target response time standard, fire stations need to be distributed across the city and need to be staffed and equipped. As cities become denser and streets more congested, more fire stations are needed to meet the response goals. For any city growing in population or expanding geographically, the reliance on this measure ensures increased fire response expenditures.

But what if the number of fires is going down? What if the number of fires is actually plummeting? Does that have nothing to do with how much a city should spend on fire response operations?

The fact is that by relying on response time as the metric that drives resource deployment, spending has been disconnected from outcomes. Consider this thought experiment: if city management knew for a fact that there would be only one fire in the city next year, but had no idea where it would be, how much should they spend on fire department operations? If they continued to rely on the response time standard, they would have no choice but to continue to fund fire operations at the same level as it did in the prior year in order to preserve its response time.

Most would agree that is an odd result.

But that is what cities do. The number of fires in the country has declined by 60% over the past two decades, but that decline has had no impact on the level of resources dedicated to fire departments.

In addition, city spending on fire operations varies enormously (see chart below). The City of Chula Vista in California spends \$63 per capita (adjusted) each year, while Cincinnati spends \$333. What operational factors could drive such disparate spending levels? Are cities that spend more significantly safer from fires than cities that spend less?

Spending on fire operations is just one example of why it is critical to revisit basic assumptions about what a city spends on the services it provides and why. Such an exercise might not change those choices, but at least it makes them explicit.

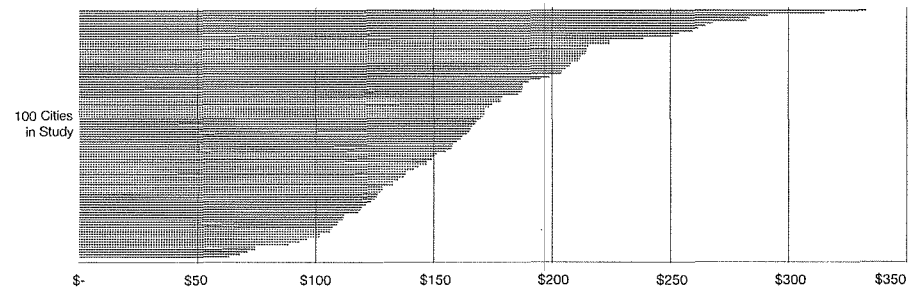


Figure 7: Variation in Fire Spending (adjusted \$ per capita spending on fire services)

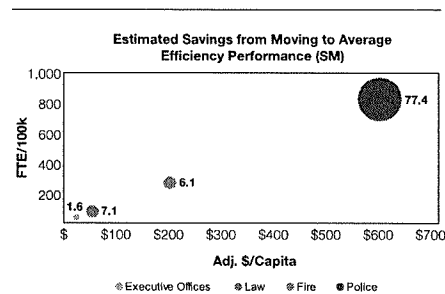


Figure 8: Estimating the Savings Opportunity for Unmeasured City

The Path Forward

Like most studies of this type, more questions have been generated than answers. Benchmarking is a blunt instrument; it is more telescope than microscope. Benchmarking can find useful patterns and direct paths of inquiry; rarely does benchmarking specify a solution. In this case, the benchmarking analysis suggests a path forward. First, let's summarize the findings:

- Spending and employment levels varies widely among cities delivering a similar set of services;
- This variation in resource utilization cannot be explained by exogenous factors such as differences in scale, geographic coverage or labor market conditions;
- Management choices – particularly those related to strategic decisions dictating the scope and level of services delivered and operating decisions impacting the productivity of labor – appear to be the primary drivers of relative efficiency.

The challenge for city management is to quantify the difference between their operations and those cities that perform at a higher level of efficiency and determine how much of that difference can be attributed to differences in strategic choices and how much can be attributed to differences in operational choices.

For those differences that are attributable to strategic choices, cities need to revalidate those choices. If some cities can make different choices and justify them to their constituents, then that is powerful evidence that other cities can do so as well. In any case, turning an implicit choice into an explicit choice is a healthy exercise for any organization.

For those differences that are attributable to operating choices, cities need to develop targeted operational improvement initiatives to reduce or eliminate those differences. An efficiency program of this type might include business process redesign, re-organization efforts, automation through technology, or outsourcing initiatives. Our recommendation would be to centralize these efforts around a Chief Efficiency Officer or an equivalent position.

There is no perfectly efficient organization out there. As this study uncovered, within most local governments you will find a mix of highly efficient and highly inefficient operating units. The challenge is to figure out which is which. This, alas, is not always as easy as it seems. Our hope is that this benchmarking assessment can help cities ferret out the inefficiency that lurks within their organizations. While it is just one step, it is an important one.

Appendix - Of MICE and Methodology

In order to compare the relative efficiency of cities, a methodology is required that accounts for several practical challenges. These challenges include:

- **Defining efficiency.** What does it mean to be “efficient” and how do you measure it?
- **Accounting for differences in city missions.** Cities in the United States are generally chartered by states and are authorized to deliver a variable set of services. How do you create a benchmarking study that controls for those differences?
- **Accounting for local operating conditions.** Spending and employment across cities can be dependent on the amount of activity they are required to perform. Cities also face different cost environments (it costs 42% more to employ a police officer in San Francisco than it does in Winston-Salem, NC). How do you account for these differences in operating environments?

Defining Efficiency

For the purposes of this study, one city is more efficient than another if it can deliver a comparable set of services using fewer resources.

In applying this definition of efficiency, the study acknowledges that resource deployment levels can vary based on both operational decisions and strategic decisions. Operational decisions are those that are typically associated with efficiency measures: how well is the work force trained and equipped, how well is technology deployed, are services sourced efficiently, etc.

For the purposes of this study, strategic decisions are also included. Although cities are generally chartered to provide a largely identical set of services, they have significant discretion to determine the breadth and depth of those services. For example, in “recreation services” cities make unique decisions about the segment of the population they choose to provide recreation services to, what those services are, and at what level

they provide them. City A might provide a wide variety of recreation services to seniors and youths of all socio-economic backgrounds while City B offers a narrow set of services to low income seniors only. For the purposes of this study, since City B spends less on recreation on a per capita basis than City A does, it will be considered more efficient.

It is important to remember that the point of this exercise is to help cities understand where they should be looking for savings opportunities. One place to look for savings are in areas where a city is providing services at a level beyond that which their peers are providing. Cities may be making conscious choices to deliver services to broader populations or at higher levels than other cities, but they should be aware of the costs they are incurring to do so. For that reason, no adjustments have been made to account for the differences in strategic choices that cities make.

The study employs two proxies to capture this admittedly broad measure of efficiency: spending per capita and employment per capita. In other words, the study assumes that the amount of money cities spend and the number of employees they deploy to deliver a comparable set of services – on a per capita basis – is indicative of their relative level of efficiency.

To measure efficiency among cities, IBM has created the Multivariate Index of City Efficiency (MICE). The MICE combines the two major measures of efficiency – spending per capita and employment per capita – into a single metric that gives equal weight to each measure. The resulting score is then applied to a scale that applies the rating of “1” to the most efficient city in the sample and a rating of “100” to the least efficient city in the sample. The remaining 98 cities are then arrayed on the scale based on how their MICE score compares to the other cities in the sample.

Accounting For Differences in City Missions

American cities come in a variety of flavors. Our country's federalized governing structure means that cities are generally incorporated by state legislatures and those legislatures have significant discretion to determine what activities cities are authorized to perform. Some cities run zoos and museums while others run libraries and senior centers. Some manage school systems while others operate airports. For benchmarking purposes, it is critical that these differences in service missions be accounted for.

Cities also vary in terms of their governance structures. Some cities – such as Louisville – are combined city and county governments sitting on the same geographic footprint. Others – like Charlotte-Mecklenburg County – are consolidated in some areas and not in others, with the city serving one geography and the county serving another. Some cities provide a set of municipal services locally and some regionally: Las Vegas looks like a city in every way except that its police department serves the entire Las Vegas metropolitan region.

The challenge for this study has been to identify these differences among cities and to minimize – to the extent possible – the impact they might have when comparing their operating economics. This has been accomplished in two ways:

1. Efficiency comparisons are based on core local government services only⁴. Since there is some variation in the services that cities are chartered to provide, it is important to exclude those that are not (more or less) universally shared. Of the 58 spending categories surveyed, 40 were included in the efficiency index. These categories constitute 79% of the total spending captured in the study.
2. Budget data is analyzed using the appropriate baseline metrics. In Las Vegas, for example, the city's per capita spending on police services is calculated based on the population of the metro region that the department serves. The city population is employed for the balance of the city's services.

While not perfect, the methodology effectively eliminates any material impacts variations in governance structures might have on the study's results.

Accounting For Local Operating Conditions

Each city faces a unique operating environment. Some cities are larger than other cities. Some cities have more crime than other cities. Some have more parks. Some cities have broader missions than others. Some are simply more expensive. To compensate for these differences, the study applies a normalization process. Three major normalization factors have been employed:

1. Spending and employment data is compared on a per capita basis. Ultimately, local governments are chartered to deliver a set of core services to their constituents. The level of resources they deploy to deliver those services on a per person basis is the most compelling means for comparing efficiency.
2. Spending and employment on police services has been normalized by crime rate. The rationale is that cities with higher crime rates are likely to dedicate more resources to police services (which is in fact the case).
3. All spending data has been weighted using the Council of Community and Economic Research's ACCRA Cost of Living Index. Cost of living varies considerably across the country and cities compete, by and large, in local and not national labor markets.

Additional normalization is possible, and in fact additional factors were tested for possible inclusion. For example, it was hypothesized that parks maintenance spending might correlate with parks acreage under management and that fire response spending would correlate with geographic coverage. However, no correlation between spending and these factors could be found, so those factors were not included in the normalization process. While additional normalization is likely possible, it appears that further efforts in this regard will yield rapidly diminishing returns and will not materially impact the results.

Data Sources

The analysis relies on authorized spending and employment data as portrayed in the most recently enacted budgets of these cities (primarily fiscal year 2010 or 2011). The spending and employment data from each city has been distributed across the spending categories. Since cities do not conform to a uniform organizational and budgeting structure, spending was allocated to these categories on a "best efforts" basis. While in some instances this is a challenging exercise (several cities have been eliminated from the study because their budget structures were too non-conforming), the vast majority of the spending was allocated with little difficulty.

IBM and Smarter Government

Government plays an increasingly central role in our economic lives. In the United States, government will be responsible for more than 4 out of every 10 dollars spent within our economy in 2010. Perhaps even more importantly, large sections of the private economy – health care, financial services, communications, and energy to name just a few – are more closely integrated with government than ever before. Traditional lines between the private and public sectors are becoming less distinct, and the overall performance of our economy is now dependent on improved cooperation and alignment between private companies and government. Getting government right – that is, making sure that it operates in a highly efficient and effective manner – has never been more important.

In recognition of the fact that the performance of government is the public's collective responsibility, IBM has launched its Smarter Government program. Our goal is help governments inject intelligence into their decision support processes, business operations and public infrastructure to improve performance and deliver better public outcomes. Governments need to maximize the public value they generate through every dollar they spend. We think we can help.

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David Edwards leads the Smarter Government Campaign for IBM's Public Sector Strategy and Innovation Practice. He served for eight years as the chief policy advisor to Atlanta Mayor Shirley Franklin.



Acknowledgments

Many colleagues contributed to the analysis, findings and recommendations in this paper. I am grateful for their expertise and their partnership. They include:

Brandon Bienvenu

Chris Cafiero

Emily Garrahan

Allan Guyet

Alan Howze

Andrea Jackman

Alison Pine

Daniel Prieto

Tack Richardson

Ashley Wills

Footnotes

¹ Condition of State and Local Finances, March 2010 Update, Government Accountability Office

² Some cities were excluded either due to their unique organizational structures or to a lack of publicly available data. Excluded cities include New York City, Dallas, Washington DC, Indianapolis, Buffalo, and Tucson.

³ Excludes public education, enterprise services such as water utilities and airports, and non-distributed costs such as debt service, capital outlays, workers compensation and unemployment insurance contributions.

⁴ Based on CIA World Factbook (2008) urbanization data.

⁵ In some rare cases we included budget information from an associated local government agency that provides one of these core services outside of the city government. The Chicago Parks District is one example.

⁶ Spending areas included in the study: police, fire, parks, public works, planning & building, executive offices, human resources, law, information technology and finance.



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February 2011
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