



Mayor's Office
230 Davidson Ave
Woodland, WA 98674

October 31, 2013

To: Woodland City Council
From: Mayor Grover Laseke
RE: Mayor's Updated Review of the Prothman Report

In the summer of 2010, the City Council approved a contract with Prothman Company to complete a citywide organizational assessment, which included the review of the Clerk Treasurer's Office (CTO) and Public Works Department. This assessment was conducted during a period of tremendous friction, distrust, and disagreement between the City Council and Mayor, with staff caught in the middle.

The Prothman Report was distributed in February 2011. There were several recommendations for improvements; however, there was disagreement by Mayor Blum and staff with the report. I have reviewed the report and have spoken with many people and employees about it. In my opinion, the Prothman Report is an incomplete snapshot of the city in late 2010, and is not reflective of current city operations three years later. It also does not address the major source of contention, which was the disagreement between the City Council and Mayor which was a major source of the problems. The report was somewhat biased and used by various individuals to denigrate their opponents. This is not productive behavior, and unfortunately, continues to this day.

Since taking office in January 2012, I initiated several management processes to get the city back on track. Some of these changes were addressed in the report and others were not. On April 4, 2012, I made a report to the City Council on the status of the Prothman Report recommendations. This report was discussed at a city council workshop on April 9, 2013. Additionally, as per the City Goals, I have been conducting assessments of all city departments over the past year. Evaluations have been completed of the Clerk-Treasurer's Office and Police Department. These reports have been provided to the City Council for their information and comment.

This is my final update to the City Council on the Prothman Report. I believe that it is time to pick the remaining action items out of this report and place them in our City Goals for future action. This identifies all the City Goals in one category and is a consistent method for managing the City's work.

It is time to put the Prothman Report "to bed" and focus on today and the future. I look forward to working together, building upon the positive changes we have made to the city over the past two years.

Create the Position of City Administrator

We recommend that the city establish the position of city administrator. The administrative responsibility and complexity of a full-service local government, even in a small city with a population of 5,000, generally requires a full-time focus. There certainly was a time when small cities could do very well with a combined city administrator/department director. However, the increasing legal complexities imposed by the State and the growing importance of inter-governmental relations, especially when complicated by growth, now makes it very difficult for a department director to perform line duties in addition to city-wide management responsibilities.

During City Council planning sessions in early 2012 the City Council made a decision that professional full-time city management was needed. On May 7, 2012 the City Council approved Resolution #617 and then passed Ordinance #1242 on June 18, 2012 to address city management. These documents put into place a full-time administrator for the city effective July, 2012 by paying the Mayor to work full time until the end of 2015. Before the end of 2015 the plan is to hire a full time City Administrator for the city. These actions fulfill the above recommendation.

There is still work needed to develop a job description, add the position to the city code and identify funding for the position. These tasks were assigned to the Finance and Human Resource Committees.

Develop a City Wide Annual Strategic Work/Business Plan

We recommend that the city develop an annual city-wide work or business plan which outlines and plans the work efforts of each department. This document addresses relevant city council goals and priorities as well as ongoing daily department work efforts. It also identifies interdepartmental efforts when required to accomplish a goal or task and further identifies approximately when city council action is required which would then be scheduled in the proposed "council future agenda" document.

Since January 1, 2012 the city council and mayor have met several times to outline goals and objectives for the upcoming year. These goals are then formally approved by the City Council and used as a road map for the City for the next 12-18 month period. The Mayor and City Council use this document to guide the City's work plan for the year.

While this is an improvement over previous years there is still more work to be done to make this process more efficient and comprehensive. The City Council and Mayor will be meeting in January 2014 with a new facilitator to take us to the next level in putting together a strategic plan. My recommendation is for City Council and Council Committees to be more involved in working with the Department Heads and staff in keeping focused on the current goals. It is easy to get distracted by what seem like "emergency" or "urgent" problems.

Conduct Annual Performance Reviews

We recommend that the city begin conducting annual performance reviews. Until there is sufficient time to learn how to use and implement the city's performance appraisal and training software program, we recommend that the city use a manual appraisal systems. There are a number of successful manual appraisal systems in use that could be adapted for the city's use on an interim basis.

I fully agree that annual performance reviews are a necessity but have not been done consistently over the past several years. This is the Mayor's job and needs to be implemented as soon as possible. The first task is to find an acceptable evaluation format and then train supervisors in its use. More work is needed on this recommendation.

Senior Department Director Time Off

We recommend that the city revisit the policy of "administrative leave" for "management/designated exempt" employees to determine if this is an appropriate benefit for a city of Woodland's size.

In past years, the department heads/directors have been given benefits rather than raises to compensate them for their work. This has created a system where employees were given additional time off in lieu of raises. The problem with this benefit approach is that we need employees on the job to handle the day to day operations of the city.

A review of the current department heads and exempt management salary and benefit packages is underway and should be available to the City Council later in the month. While many may believe that administrative salaries are too high, I believe that a review will find adjustments upward are needed.

Prior administrations have compounded the problem by allowing too much time to build up on the books for Department Heads and exempt employees. I have stopped the accumulation of "flex time" and required that employees use their vacation. This means that in the future employees will be on the job more and gone less. But the accumulation of vacation and other time off is also the product of employees who have years of seniority with the city and heavy workloads that result in cancelled time off. It is not the fault of the employees but a combination of prior City Council policies and the economic downturn. I am working with the City Council to change some of these policies and we will have a recommendation in the near future.

So most of this recommendation has been implemented but must be watched carefully so that it does not get out of hand again in the future.

Capital Project Planning

We recommend that the city develop five-year capital project development plans for each of the following areas: buildings and facilities, streets, sanitary sewer, domestic water, and surface water. Each of these plans should also be accompanied by a financing

strategy outlining potential funding where possible. Once each of these plans are completed we further recommend that the city create a five-year capital plan prioritizing the capital needs of the city on an annual basis, creating a city-wide strategy for capital planning.

Some work has been done on this recommendation but much more is needed. It has been listed in the City Goals for the last two years but staff has not had the time to work on it. If the City ever had any extra funds it might be a good idea to expend them in this area.

Equipment Replacement Fund

We recommend that the city develop an equipment replacement fund which estimates the useful life of each piece of equipment or vehicle, its residual value at retirement, its replacement cost and the annual funding required being able to purchase a replacement. Further, we recommend that the city collect information on the maintenance and operation of the equipment or vehicle to determine the annual operation cost and the funding required, and when the annual operating cost becomes prohibitive. Lastly, we recommend that the city begin the process of annually setting aside a portion of the funding needed for the eventual replacement of the equipment or vehicle.

It is important that the city have a current list of all vehicles and equipment which includes purchase date, purchase cost, condition, and replacement schedule. The funding for the replacement of equipment needs to be planned and paid for using a schedule to reduce yearly budget impacts.

Currently departments maintain equipment lists but one comprehensive list is needed so the Mayor and City Council can better budget and plan. We do have a fund (#304) but this is for general fund equipment. Water and Sewer equipment is required to be kept separate as per state auditing standards.

This recommendation is important but not a high priority. There is still considerable work to be done to get a system setup.

Citizen Complaint System

We recommend that the city establish a city-wide system to track all citizen complaints and a process to determine if the concern is valid and what the potential resolution may be. The process should also monitor who is responsible for resolving the complaint and notifying the complainant as to the outcome of the complaint.

A computerized city comment and/or complaint system has been implemented. The City website has a place for citizens to leave comments and these are reviewed by the City Clerk-Treasurer and Mayor who assign the comment to the appropriate department to respond. Complaints received at a City Council meeting are logged by the Clerk-Treasurer and followed up on with reports to the City Council as appropriate. All complaints are logged into a system

and are reviewed by the Department Heads and Mayor. We endeavor to answer all comments and/or complaints within 48 hours.

While this does not alleviate dissatisfaction with a particular action by the city we do address concerns using a standard procedure. It has reduced complaints being made at City Council meetings.

Succession Planning

We recommend that the city begin identifying the next generation of leadership and begin training this emerging talent for future leadership.

City employees are the persons most responsible for getting the city work done. Some employees don't want to move into leadership positions while others wish to but there is not always the movement in the upper ranks to allow for promotions because of the size of the city. As the Mayor, I am always looking for ways to encourage our employees to excel and to train for higher responsibilities. While this is a great recommendation I believe we can only achieve it if City leaders recognize the value of the employees and give them the support, resources and funding they need.

Conflict between the Mayor and City Council

We recommend the mayor actively support the city council's policy role. This can be accomplished by:

- 1) Including the mayor pro tem in the agenda setting process;**
- 2) Providing timely responses to city council requests for information;**
- 3) Providing city council access to senior staff for the purposes of information inquiry and**
- 4) Ensuring annual city council goals are reflective of staff's annual work efforts. The best managed cities enjoy a mayor and city council that work well together with an understanding and support for each other's role.**

Since January 1st, 2012, the Mayor and City Council have been working together on this recommendation. It has been working well but the above recommendations seem to be biased towards City Council needs. They don't take into consideration that the City Council allowing the executive branch to do their job, and does not recognize the Mayor's role in city policy and operations. Luckily this has not prevented the current City Council and Mayor from getting the job done and providing excellent service to the citizens.

Policy Development Responsibility

We recommend that the city create a process for the development of ordinances and resolutions which are based upon annual strategic goals and priorities set by the city

council and that city staff coordinate their work efforts to accomplish the goals. We further recommend that the mayor encourage senior staff to work with individual council members for the purposes of policy development and develop a process to track the progress of complex policy development topics.

The annual retreat outlines the strategic goals and priorities which are used as a road map for everyone when looking at city work plans. I believe we are currently able to monitor and process policy development provided, staff is given adequate staff time for implementation. Sometimes the City Council expects more work on items than staff can deliver given the time and resources. We need to work on understanding the time it takes to process a policy idea to final policy and then the maintenance needed to keep that policy working.

Staff Support for the City Council

The city council has legitimate needs for information. We recommend that the mayor allow department directors to meet with council members and that the city develops a process to track city council information requests and to ensure that information is developed and transmitted in a timely fashion. We also recommend that city council sub-committees receive information from staff in advance of the committee meetings.

Quite a bit of progress has been made on this recommendation since January 1, 2012. The City Council is allowed access to staff to answer questions and obtain information needed to make decisions at City Council meetings. At the same time staff is working to balance City Council requests and staff time needed to perform their job tasks. I believe we are being successful.

In an attempt to improve Council – Staff work the City Council has been experimenting with using a workshop once a month in place of the sub-committees since June 2013. The City Council will be assessing the success of this process in January 2014. Feedback and specific examples of the Pros and Cons will be needed from all the parties involved for the assessment to be successful.

City Council Agenda Process

We recommend that the city council meeting agenda development process not only include the mayor and clerk/treasurer, but also include the mayor pro tem, who would represent the city council. Further, we recommend that the city develop a "council future agenda" document outlining upcoming city council meeting agenda items which plan the legislative work program for the upcoming year. A copy of this document is recommended to be included in city council meeting agenda packets on a monthly basis.

City Council Rules have been developed to address the building of City Council agendas. We follow those rules and council members are allowed to add items to the agenda or ask for changes to the draft agenda. We do not have one "council future agenda" document at this time, and it does not seem to be necessary, but it could always be added in the future. Council members can always ask the Clerk-Treasurer for the status of an item being considered by the

city council as she maintains an electronic file of future planning items. At the present time I have heard no complaints from the City Council about the way we are handling the agenda or meeting planning. At the same time I am open to implementing something if the need arises.

City Council Agenda Packets

We recommend that staff endeavor to minimize emergency-type, walk-on items and last-minute changes to published agendas. While last-minute items do arise occasionally, using a city council future agenda document process tied to department work plans will substantially reduce these last-minute items. City staff can then plan their work knowing when city council agenda items are due. We recommend that the city revisit the city council agenda item staff report format with the goal of providing meaningful staff analysis as to the history of the issue, why it is before the city council, what were the various alternatives, financial impacts and other similar missing information, including a legislative history of the item.

This recommendation has been implemented and is included in the City Council Rules. This does not mean we don't have emergency items for council meetings but they are minimal. We currently have a smoothly operating City Council agenda process. Agendas are available to the public on the city website and on the City's Facebook page. We are working on a paperless agenda program through iCompass that we hope to fully implement in January 2014.

Lack of Financial Policies

We recommend that the city develop financial policies such as policies defining year-end reserves in each fund, investment strategies, rainy day funds, vehicle replacement reserves, debt management, and other long-range financial planning policies, including developing a five-year financial forecast.

Financial policies were being developed when the Prothman conducted his interview and were adopted on July 18, 2011. The Finance Committee has reviewed the policies periodically since that time. In conjunction with the Financial Policies, there also needs to be involvement of the City Council for internal controls relating to the review of annual financial reporting and audits. This was recommended by the State Auditor for the 2012 audit completed in 2013 and will be implemented in 2014.

2010 Budget Document

We recommend the following changes to the city's budget document:

Utilize a programmatic format linking services to funding

Include a mayor's budget message transmitting the budget to the city council which should include: an executive summary outlining significant elements of the budget; the financial health of the city; and any important upcoming challenges

An analysis of the estimated revenues for 2010 and what assumptions were used to calculate these estimates

An analysis of the general financial health of the city by analyzing cash reserves, a three-year ending fund balances history of the general fund and a three-year revenue and expenditure history showing financial trends

A consistent presentation format

A consistent format for the city's organization charts

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In researching this recommendation I discovered many of these recommendations were already being presented in the budget document. It was the format that needed improvement.

In June of 2012 the City Council met with staff to discuss an improved budget document and procedure. A format was selected and implemented in 2012 for the 2013 budget process. The format worked well and the City Council seemed satisfied with the results. We did take notes on areas we could improve upon and these improvements have been included in the 2014 budget cycle which is currently underway.

I believe there will continue to be improvements to the process but we have found a reasonable and acceptable format that is working.

City Accounting Format

We recommend that the city evaluate the merits of utilizing an accrual or modified accrual accounting format.

This recommendation will cost money and time to accomplish. The current financial software the city is using, which was purchased, and implemented over the last couple of years, supports the cash basis method of accounting. The lifecycle of this software should be allowed to run out before this change is made. I received an estimate of \$40-50,000 for new software to implement an accrual system plus the training for staff.

During a meeting with the SAO Audit Manager during a recent audit, I asked some questions about different types of accounting formats. She said that the cash method we are using now was adequate for a city our size, but that there are advantages to moving to an accrual system. She said the accrual system gives more information, but is more time consuming and expensive to implement. She also indicated there was a large training curve to get people on board with a new more complicated system. There was also a comment that even larger cities have switched back to a cash method because of the complexity and cost of the accrual accounting method.

At this point there is no pressing need to change the City accounting method as the benefits do not outweigh the costs.

Finance Director

We recommend that the city consider creating the position of Finance Director and further create a Finance Department, and reassign the employees associated with managing the city's finances to that department.

This is not a realistic option at this time. See narrative under City Clerk.

City Clerk

We recommend that the city consider creating the position of City Clerk and further create a City Clerk Division, reassigning the employees associated with managing the city clerk function to that division.

This recommendation is not currently realistic for the City of Woodland. The cost of adding another department head and reassigning the already overloaded employees in the Clerk-Treasurers Office will reduce efficiency and cost more money. The salaries listed in the AWC survey for a City Finance Director and City Clerk are similar. I estimate the additional salary cost to fully staff another city department would be an additional \$100K per year. The addition of the much needed lower level staff in the CTO would be more efficient and less costly.

In looking through the 2013 AWC salary survey about 80% of cities of similar size to Woodland have a City Clerk-Treasurer. There will come a time when this recommendation is prudent but now is not that time.

The City Council has made a decision to hire a City Administrator in 2015. It would seem that this is a higher priority than implementing this recommendation. More information can be discerned from a review of the City-Clerk Treasurer Department Assessment dated June 18, 2013. It should be noted that the City Council members and other city officials had 30 days to review the draft report and did not have any comments about the report.

City Clerk/Treasurer Department Observations

We recommend the following changes:

Create operational procedure documentation for individual employees as to how to do a particular job

Develop cross-training between department employees.

Evaluate individual workloads and role definition to ensure that they are even among department workers

Improve department employee morale

The Mayor completed an assessment of the Clerk Treasurers Office (CTO) on May 13, 2013 and the preliminary report was distributed to the City Council for comment. No comments were received so the report was finalized on June 18, 2013, and re-distributed to the City Council. I

believe the above recommendations should be put into place throughout the city operations not just the CTO.

CTO employees have created desk manuals and how-to guides and are using them during cross-training. While the manuals are not complete they are a work in progress and are subject to change as operations change.

Cross training has been started but daily operations and workload prevent it from being as successful as it could be.

Job descriptions were updated in 2012 with job duties evaluated and some assignments changed. Changes can be made on fairly short notice and one is in progress as I write this report.

Employee morale has improved with less conflict between the City Council and the Mayor. City employee morale can change from one day to another but overall I believe it is good to excellent at this time. During my assessment of the CTO earlier in the year employees mentioned that they feel the City Council is not supportive of their work.

Recently, I received an inquiry from a city council member about contracting out the Clerk-Treasurer Department function. I checked with Municipal Research (MRSC) and they said only the payroll function and the utility billing function could be contracted out. Any other contracting would be illegal under state law. A further discussion on contracting these functions should be discussed at our next city council planning session in January 2014.

Pavement Management Plan

We recommend the city continue its efforts to develop a pavement management program designed to maximize the city's street overlay program ensuring that the streets most in need are paved first.

Some of this information is included in the City's 6 year street plan but does not include many of the residential and side streets. The Public Works Director has indicated that there is not sufficient funding to implement a maintenance program nor is their funding available to pay for maintenance and improvements. He estimates that it will take 3-4 years to reach a point where a pavement maintenance plan will be of value to his planning.

Recommendations & Additional Comments

The Prothman Report involved a narrow investigation into certain parts of the city government. It did not include all the departments which could have been used for a comprehensive review of the city. It is difficult to use it for a broad view of all city operations. This is why the City Council and I have listed an assessment of all city department operations in our goals for 2012 and 2013. The time spent on the department assessments is far greater than was spent on the original Prothman Report and I think have greater value to the city.

My recommendation to the City Council is to identify the specific items within this current report that need attention and list them in the City Goals for 2014. This puts all of the focus of the city government into one document and takes away distractions caused by divided thinking.

Finally, we need to put the past behind us and move towards the future using a positive attitude. We cannot continue to use this report as a club to continue bringing up the conflict of the past. It is time to put the Prothman Report "to bed" as it is out-of-date. Failure to do so will only doom us to repeating the same behaviors that caused the problems between the City Council, Mayor and city staff/employees in the past.