


CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: June 3, 2025

Subject: Supplemental Appropriation for Organization Reporting Structure and Establishment of Assistant Municipal Administrator Position

Background

On December 12, 2023, I sent a memo to the Assembly (attached) in which I requested the Assembly's support for a comprehensive review of the City and Borough of Sitka's (CBS) organizational structure, job classifications, and employee compensation. I discussed the proposed initiative during the Assembly meeting on January 9, 2024. The proposed initiative aligned with Sections 5.1, 5.2, and 5.3 of our Strategic Plan, which outline the following objectives:

- Developing a workforce development plan that includes clear policies for staff training and professional development.
- Preparing a succession plan to develop our current workforce and strategies for future workforce recruitment and retention.
- Identifying and developing standard policies and procedures to ensure organization-wide stability and consistent service levels.

In late February 2024, we hired Rob Allen from Cape Decision Consulting to perform an independent analysis of our organizational structure and to propose recommendations for reorganizing our leadership structure. His report is attached to this memo.

We have also completed the update of all CBS job descriptions. This challenging task was undertaken by Kimberly Geariety, CBS's Labor Negotiator, along with our internal HR staff, and with clerical assistance from our Legal Assistant.

After finalizing the job descriptions, we shared the updated versions with our Compensation Study consultants, REDW. The compensation study has now been completed and included for non-represented positions in the FY26 budget. It will be reviewed and used as necessary during the current negotiations with the ASEA, IBEW, and IAFF unions.

At my April 15, 2025 evaluation, the Assembly expressed its desire to establish an Assistant Municipal Administrator position as proposed in my December 2023 memo.

Analysis

Cape Decision Consulting Analysis:

The report from Cape Decision Consulting dated March 21, 2024, examined and recommended changes to the organizational structure of the Municipality. The review highlighted a critical issue: the Administrator position oversees an unsustainable number of senior managers (fourteen), which hinders adequate supervision, mentorship, and decision-making.

The report suggests that CBS's current organizational model is also not conducive to work-life balance for the Administrator, leading to potential burnout and turnover. To mitigate these issues, Mr. Allen proposed creating a Deputy Administrator position to assist with and share the management oversight responsibilities.

Additionally, the report recommended creating a Port Director position to oversee economic functions associated with harbors and port development. It also suggests changes in the reporting structure for the Tourism Manager and the Planning & Community Development Director to align with functional responsibilities.

The report emphasized the need for a more balanced and efficient organizational structure to ensure that CBS can effectively serve its residents and meet future challenges.

Municipal Administrator's Analysis:

After reviewing Mr. Allen's report and thoroughly considering its contents, I concurred with the need for an Assistant Municipal Administrator. This led to my report to the Assembly in late 2023. Since then, I have identified several additional ancillary modifications to his recommended organizational structure necessary to implement the suggested changes.

1. Administration Proposed Changes

I intend to establish an Assistant Municipal Administrator position to assist me with the day-to-day oversight of the management team. The direct supervisory responsibilities and reporting structure will be split up as follows:

- The Municipal Administrator will have seven direct reports: the Assistant Municipal Administrator, Municipal Clerk, Public Works Director, Electric Utility Director, Finance Director, Planning & Community Development (P&CD) Director, and the Port Director. These direct reports comprise the Executive Management Team (EMT) as an advisory body to the Municipal Administrator.
- The Assistant Municipal Administrator will have eight direct reports: the Library Director, Harrigan Centennial Hall Manager, Parks & Recreation Manager, Tourism Manager, IT Director, Public & Government Relations Director (P&GR), the Police Chief, and the Fire Chief. Additionally, this position will oversee the HR office staff and activities.

An independent HR review of this proposal shows the number of direct reports for each

position aligns with accepted HR practices, as noted in the Cape Decision Consulting report.

Another benefit is that the new position will ensure continuous administrative coverage and consistency in the direction of the Municipality. Whenever possible, the intent is that the Municipal Administrator and the Assistant Municipal Administrator avoid being out of the office simultaneously for conferences, vacations, or work-related travel.

Three logistical challenges are budgetary, appropriate office location, and changes to the Personnel Policies Handbook. Given the current budget, the Assistant Municipal Administrator position can be established without hiring an additional full-time leadership-level position (FTE) by integrating its responsibilities with those of the Human Resources Director position. Ideally, this position should be located near the Municipal Administrator's office to enhance collaboration and efficiency. However, with the recent approval of the Port Director position and further department consolidations, other office locations have yet to be determined. The Personnel Policies Handbook will need to be updated to reflect these organizational changes.

Finally, an evaluation of the Sitka General Code (SGC) will need to occur to ensure the restructure also aligns with local ordinance. Currently, SGC 2.10.110 A, states: ***"Departments shall be administered by the administrator of the city and borough, or his designated department head, supervisor, or other designee unless prohibited by Charter. Departments may be assigned additional responsibilities by the administrator. Department heads, supervisors, or other assigned personnel may be responsible for more than one department or division within the department."*** Since its last update in 1989, SGC 2.10.010 establishes only the following departments: Administration and Finance, Electric Department, Department of Public Works, Police and Fire Departments, Legal Department, Library, and Harbors Department.

2. Parks & Recreation Division

Due to the rapid expansion of the Parks & Recreation program, the Parks & Recreation Coordinator will transition to the role of Parks & Recreation Manager and report directly to the Assistant Municipal Administrator instead of the Planning & Community Development Director. The rationale is twofold: 1. CBS now manages the Blatchley Pool, which increases the responsibilities and workload for the Parks & Recreation Coordinator, including overseeing the Pool and supervising staff, thereby justifying the reclassification; and 2. this change will more appropriately allocate the responsibilities of the Planning & Community Development Director.

3. Assessor & Building Official Alignment with P&CD

The Assessor will report to the P&CD Director to ensure integrated planning, coordinated growth, and economic development. The P&CD Director is involved in urban development, zoning, and land use. The Assessor's data on property values can provide valuable insights for making informed planning decisions. Aligning assessments with planning ensures property valuation supports the CBS strategic growth and development plans. Accurate property assessments are crucial for zoning decisions and land use planning. Reporting to the P&CD Director will facilitate the exchange of information for

economic development, effective zoning and land use regulations, and other planning policies.

The Building Official will also report directly to the P&CD Director due to their closely aligned efforts in planning and community development, especially concerning permitting. Currently, the Building Official, as a plan reviewer, reports to the department that may be seeking permits (Public Works), which could imply a conflict of interest. Moving plan reviewing and permitting away from Public Works could mitigate such concerns.

Under this proposal, the P&CD Director will no longer oversee the Parks & Recreation program or the Tourism Manager. Instead, the P&CD Director will be responsible for Sustainability, Planning, Assessing, and the Building Official.

4. Tourism Management

The addition of a Tourism Manager was approved in the FY25 Budget, and this role will report directly to the Assistant Municipal Administrator. The proposed placement facilitates better collaboration with other city departments, enhancing the integration of tourism initiatives with broader Municipal overall goals, priorities, and projects. This change will ensure that tourism initiatives receive appropriate resources and attention at a high administrative level, promoting more efficient advocacy for tourism-related needs and enabling faster implementation of tourism policies and programs.

The position involves independent travel to represent CBS's interests in the travel industry, managing multiple contracts (tourism marketing, destination management, TBMP, etc.), and liaising between those contractors and the Administrator and Assembly. An office location needs to be identified, with Harrigan Centennial Hall being an ideal candidate if space permits.

5. Human Resources

In this proposed reorganization, the HR Department becomes an HR office with two HR staff to handle the day-to-day administrative work and operations required in the Municipality. The staff would report to the Assistant Municipal Administrator.

The HR office currently has a full-time HR Generalist and will need to establish an additional HR support position, likely an HR Assistant, in the budget to ensure continuity and consistency in daily operations.

This restructuring of the HR Department into an HR office is a strategic move that we believe is both feasible and timely. As several of our larger HR projects are now nearing completion, we anticipate the department will shift its focus back to core, day-to-day HR functions. While the HR office's oversight responsibilities will now be held by the Assistant Municipal Administrator, the HR office will be expected and should be able to work relatively independently with the additional HR administrative support.

Staff will have access to the Assistant Municipal Administrator for policy and high-level decision making as needed, but in a more limited capacity due to the loss of a day-to-day HR Director. We recognize the importance of responsive HR support and will ensure that proper staffing is in place to meet operational needs.

We are committed to monitoring this transition closely and making adjustments to support staff and the department's ongoing success.

6. Port Director

In the FY26 Budget, the Assembly approved the addition of a Port Director to address the rapid growth in our port environment (including a new airport, new seaplane base, and new marine haul out). The Port Director will directly oversee the Harbormaster and Airport Manager, the marine haul out and shipyard contractor, and the Marine Service Center.

While SEDA's current contract focuses on providing a GPIIP Director and pursuing economic development opportunities, it does not entail direct park management. Thus, creating a GPIIP Park Manager to oversee onsite management of the GPIIP facility beyond the haul out and shipyard, such as managing existing leases for compliance established by the GPIIP board, should be considered, or at least eventually be assumed by the Port Director.

The GPIIP Board and the Port & Harbors Commission should be merged into a single entity, and the Port Director should act as the staff liaison to this new board. This board's responsibilities would encompass not only ports and harbors but also the airport, seaplane base, marine service center, and marine haul out and shipyard. Significant Code revisions would be necessary to facilitate this transition, since there was never an intent for the GPIIP Board to exist long-term but rather be dissolved once the park's property was sold off or fully integrated into CBS management. Moreover, financial structures must be adjusted to consolidate the management of the airport, ports and harbors, seaplane base, marine service center, and GPIIP facilities under a unified administration.

7. Asset Manager

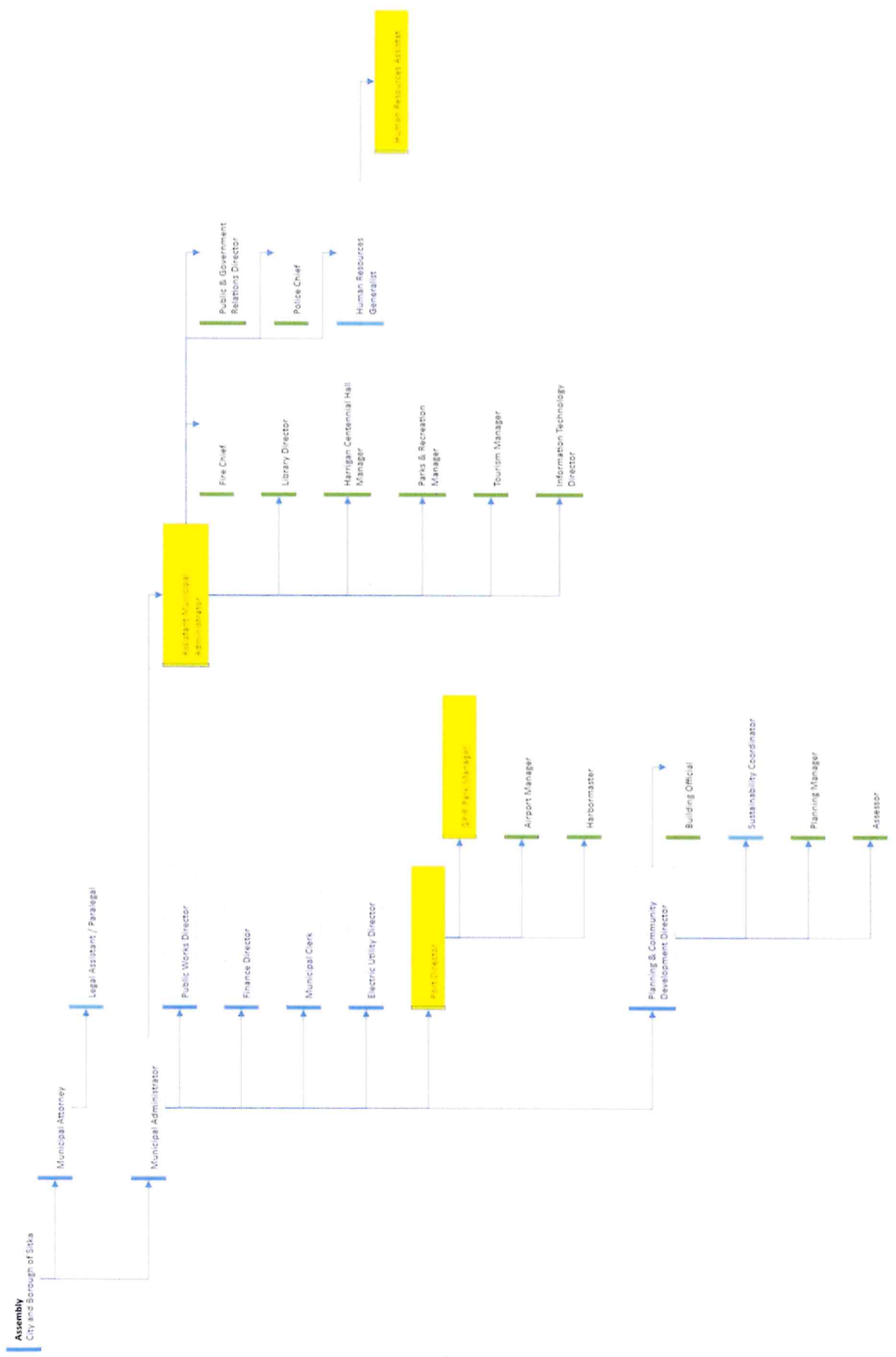
The current Asset Manager position will report directly to the Public Works Director and also serve as the Deputy Director in that department. Since Asset Management primarily focuses on infrastructure, and Public Works manages most of CBS's infrastructure, it is prudent for the Asset Manager to report to Public Works. This alignment ensures that the role effectively manages the municipality's assets and recommends best-value decisions based on risk, cost, and service level analysis.

These changes and the resultant organizational structure are outlined on the following page.

The positions highlighted in yellow are “new” positions either approved in the FY26 budget or will require a supplemental appropriation and final approval by the Assembly.

- Assistant Municipal Administrator - Although the Assembly directed this position during its April 15, 2025 meeting, it was not included in the FY26 budget. However, by using the budgeted HR Director position, the Assembly's direction can be achieved without adding another department head-level FTE.
- Port Director - This position was approved in the FY26 budget, and staff are currently working on developing the job description and subsequent recruitment.
- HR Assistant – This would be a new, and possibly part-time, position in the organization, but it can be established at a significantly lower cost than hiring a new Department Head to fulfill the Assistant Municipal Administrator position, as

directed by the Assembly. This role would assist the HR Generalist in managing the day-to-day administrative work and operations of the HR office. A supplemental appropriation will be necessary to fund this position in the FY26 budget and would represent a much lower cost than securing an additional department head-level FTE.



8. Additional Considerations or Requirements Related to the Proposed Restructure:

Once implemented, changes will be made to affected job descriptions as necessary to reflect the new organizational structure and reporting relationships.

All direct reports of both the Municipal Administrator and the Assistant Municipal Administrator currently are and will be at-will exempt employees who serve at the pleasure of the Municipal Administrator subject to the provisions of Section 3.05 of the Charter, including the Assistant Municipal Administrator. This restructure will require modifications to the Personnel Policies Handbook Section 1 to address any updates or changes in organizational structure, job titles, and reporting relationships. Other sections of the Handbook may also need to be modified (yet to be determined).

A legal review of the proposal will be required to ensure that the changes align with the Code. The initial review shows no concerns with the reorganization, but minor Code revisions may be required.

Based on my analysis, this restructure should not affect wages, hours, or terms and conditions for any of Sitka's represented employees.

Fiscal Note

The implementation of this reorganization would require a supplemental appropriation of \$148,950 for personnel expenses and the addition of one FTE for a Human Resources Assistant. This approach results in savings of approximately \$86,000 compared to adding a brand-new Department Head level FTE. The breakdown of costs is outlined below:

	Wages	SBS	Medicare	PERS	Health Ins	Life Ins	Work Comp	Total
Human Resources Director	120,853.44	7,408.32	1,752.37	26,587.76		8.28	314.25	156,924.42
Assistant Municipal Admin	34,146.56	2,093.18	495.13	7,512.24	-	-	88.79	44,335.90
	155,000.00	9,501.50	2,247.50	34,100.00	-	8.28	403.04	201,260.32
HR Assistant	54,080.00	3,315.10	784.16	11,897.60	34,386.00	8.28	140.62	104,611.77
	88,226.56	5,408.29	1,279.29	19,409.84	34,386.00	8.28	229.41	148,947.67

These costs assume the following:

- Wages for the Assistant Municipal Administrator would be equivalent to the Public Works Director/Finance Director.
- A wage of \$26/hr and a "middle of the road" (employee and spouse) health insurance plan for the HR Assistant.

Funding for these changes will be provided through a supplemental appropriation from the General Fund, increasing the personnel budget within the Administration Department.

This approach allows the City to fulfill the Assembly's directive to establish an Assistant Municipal Administrator position without adding a new full-time executive-level (department head) position. The addition of a lower-cost HR Assistant position ensures continuity in HR operations following the integration of HR Director duties into the new Assistant Municipal Administrator role.

No additional operational impacts are expected beyond this supplemental personnel appropriation. Future year costs will be incorporated into baseline budgeting for Administration, maintaining a structurally balanced approach.

Recommendation

I recommend that the Assembly approve Ordinance 2025-14, which authorizes a supplemental appropriation from the General Fund to support the proposed organizational restructuring of the City and Borough of Sitka. This ordinance will fund the creation of an Assistant Municipal Administrator position, along with an HR Assistant position, as outlined in this memo.

Approval of this ordinance will enhance operational capacity, align supervisory responsibilities with best practices, and ensure continuity in leadership and administrative oversight. The proposed structure addresses long-standing organizational challenges and supports the City's strategic goals of workforce development, succession planning, and efficient municipal management.

Encl: (1) Administrator's memo of December 12, 2023
(2) Cape Decision Consulting Report of March 21, 2024
(3) Job Description for Assistant Municipal Administrator
(4) Ordinance 2025-14