

## **POSSIBLE MOTION**

**I MOVE TO** approve reclassification of the Finance Director position as outlined in the attached memo from Municipal Administrator, Mark Gorman.

To: Mayor McConnell and Assembly Members  
From: Mark Gorman, Municipal Administrator  
Date: January 8, 2014  
Subject: Position Reclassification Proposal

### Proposal

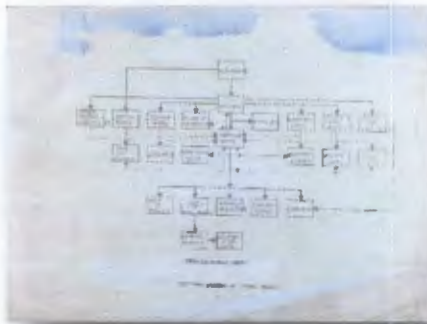
I am requesting the Assembly's approval for the reclassification of the **Director of Finance** position to **Chief Finance and Administrative Officer (CFAO)**. Jay Sweeney, who is the incumbent in the position, will assume this role. This will be budget neutral for this fiscal year and will have minimal impact on next year's budget.

In addition to the Finance Department, the long term vision will be to have the Human Resources and Information Services Departments under the CFAO. These transitions will not occur immediately. The goal will be to have these departments reporting to the CFAO within three years.

### Rationale

The rationale for this change is fivefold:

1. **Organizational Architecture:** Currently, the Municipal Administrator supervises 14 department heads. By most management measures, this is a very large span of control. (Note below the change in the CBS organization chart over the years). It is important to achieve a balance between a responsive organizational structure with limited layers of reporting and ensuring that managers have the time to adequately provide supervision and support to direct reports. I believe that a realignment of the structure will increase the Administrator's availability for other CBS demands. Further, it will result in better support to department heads as this workload is distributed.



2. **Operational Efficiencies:** There are synergies and efficiencies that can be achieved by more closely aligning departments with

similar functions. Human Resources, Information Services and Finance all provide support to the operational units of CBS. The potential to share staff resources and competencies will be increased with a closer alignment of these functions.

3. **Succession Planning:** There are a number of incumbents in key CBS positions approaching retirement. Several have indicated plans to retire in the next couple of years. There has been very little succession planning for these eventualities. Where succession is anticipated, it is imperative that plans be established to address this. As such, it is important to develop the leadership and experience capacity of those who might be candidates for key positions when transitions occurs.
4. **Career Development:** Jay Sweeney served with distinction as the interim Municipal Administrator for seven months. During this time, he developed a key understanding of the mechanics of this office, its needs and potential. Further, this realignment allows Mike Middleton to assume more responsibility as Deputy Finance Director with mentoring and coaching from Mr. Sweeney. I believe that elevating Jay's role in service to CBS as the CFAO is timely and will significantly add value to our ability to better serve the citizens of our community. Further, it will support succession planning in the Finance Department as identified in # 3 above.
5. **Strategic Initiatives:** With the CFAO position established, there will be more ability to pursue key strategic CBS initiatives. These will include, but not be limited to:
  - Development of a 10 year Forward Funding plan
  - Working with financial consultants and the Investment Committee to maximize our investment portfolio within the guidelines of the charter
  - Establishment of precise cost accounting processes that allow the costing of specific CBS services
  - Collaboration with the Sitka School District and Sitka Community Hospital to assess the potential of closer partnerships in Human Resources, Information Services, health benefit coverage and other administrative efforts
  - Increased ability to engage and support the Assembly in its fiduciary responsibility including quarterly work sessions on the State of the Budget
  - Increased involvement with SEDA in its efforts to identify economic development opportunities for the City and Borough
  - Acquisition and integration of a Human Resource Management software system into the ERP Financial package

### **Roles and Responsibilities**

The CFAO leads and manages all aspects of Municipal Finance operations and undertakes assigned strategic initiatives. Once Human Resources and Information Services transition under the supervision of the CFAO, the incumbent will provide direction, support and coordination of these departments. The scope of duties of the CFAO is second to that of the Municipal Administrator. The CFAO develops and implements broad fiscal and operational policy, engages in strategic planning, and advises the Municipal Administrator on all aspects of Finance and Administration. The CFAO routinely coordinates with other department heads. The CFAO has responsibility for ensuring the overall success of Finance and Administration operations. The CFAO will serve as acting or interim Municipal Administrator during the absence of the Municipal Administrator.

**Core Functions prior to transition of Human Resources and Information Services under Direct Supervision of CFAO**

- Leads and manages senior Finance staff members in the development of strategic and operational financial plans
- Leads and manages senior Finance staff members in the performance of essential accounting, treasury management, investment, and internal control functions
- Leads and manages key strategic initiatives assigned by the Municipal Administrator
- Serves as senior advisor to the Municipal Administrator on all financial issues
- Serves as the key advisor to the Assembly on all financial matters.
- Leads the preparation and implementation of the annual budget development
- Serves as advisor and consultant to the department heads on all financial matters

**Additional Functions post transition of Human Resources and Information Services under Direct Supervision of CFAO**

- Leads and manages Human Resource staff members in the development of, and/or revision of personnel policies, compensation plans and policies, and collective bargaining agreements
- Leads and manages Information Services staff members in the development of information technology plans, technology migration plans, disaster recovery plans, and new technology acquisition and implementation
- Continuously examines all functional areas of Finance, Human Resources and Information technology for opportunities to gain operational and cost efficiencies through policy change, to include outsourcing, functional consolidation, and divestment
- As necessary and appropriate, engages outside professionals to benchmark operations against industry standard best practices and recommends policy and structural changes to the Municipal Administrator
- Serves as senior advisor to the Municipal Administrator on all Financial, Human Resources, and Information Services issues.

**Conclusion**

In my career, I have initiated several organizational restructurings. These can generate employee resistance and dissatisfaction and, in some cases result, in resignations. The Assembly members could hear expressions of concern from those impacted by a changed organization structure. This is to be expected and part of the change process. I have learned that if transition processes are well communicated and planned these risks can be mitigated. This proposed restructuring will follow a slow and even course in order to minimize staff anxiety and ensure success in terms of improving our ability to serve Sitka. I believe that this change will improve operational efficiency and effectiveness and increase the CBS' ability to strategically plan and implement key initiatives.