




City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members

From: John Leach, Municipal Administrator 

Date: July 22, 2020

Subject: Compliance Officer FTE Position and Finance Director Succession

Background

Upon thorough analysis of the operations of the CBS I have identified areas that I believe need to be addressed in the short-term. In order to accomplish this, additional human resources are needed, but I feel that the investment in these resources will result in a savings in the longer-term.

Addition of Compliance Officer Position

I see this position as a critical piece to ensure that clear and comprehensive policies are adopted and compliance with those policies is enforced. The initial focus will be on centralizing procurement and lease management and accounting. As I have discussed with both staff and Assembly members, the nature of the current form of decentralized procurement is extremely challenging, both to operate within and to ensure consistent compliance. Responsibility for the CBS' property leases are spread throughout the organization. Close management of annual cost of living adjustments, renewals, consistent billing, etc. are needed to maximize the revenue derived from the CBS' property. In addition, work is necessary to implement GASB 87 requirements relating to capitalization of leases. This position would fall under the Finance Department and would increase FTE's by one (1) position.

Finance Director Succession

As you know, the current Chief Finance and Administrative Officer (CFAO), Jay Sweeney, is nearing retirement. Over the past 3+ years, Mr. Sweeney has been training the Controller, Melissa Haley, on all areas of responsibility of the CFAO and she has been progressively taking more of a lead in those responsibilities. In order to ensure a smooth transition, I propose that Ms. Haley transition to Finance Director (the position name would revert to Finance Director, with a slight modification to the job description (attached to this memo) effective September 1, 2020. In conjunction with this succession plan, I propose that Mr. Sweeney be transferred to the Compliance Officer Position. His long experience with and intimate knowledge of the operations of

the CBS makes him uniquely suited to accomplish the initial priorities outlined above for the Compliance Office. A secondary priority would be to ensure that as much possible historical knowledge is passed along to the new Finance Director and to ensure that, should it be needed, backup is available while the search for a new Controller is taking place.

Analysis

Centralized contracting and procurement

Currently, responsibility for contracting and procurement is spread throughout various departments. Some departments have very little support or experience in procurement, and the existing policy based on Sitka General Code is unclear and followed inconsistently. In many cases, as strong contracting knowledge is lacking, staff struggle to develop contracts.

Policy development and compliance

Currently many internal policies are not documented (or if they are documented, not well developed) and thus not easily enforced. Collaborative development of a procurement policy, that ensures the CBS receives the best price possible, while also ensuring that CBS staff have clear guidance to ensure that they can comply with policy will be a priority. Establishment of policies that are clear and straightforward are necessary in order to maintain organizational efficiency.

Fiscal Note

The Compliance Officer Position is anticipated to be a Grade 33 position. Pay will be in accordance with the below referenced City pay matrix.

**Pay Matrix for Non-Reps
07/01/2020**

| Grade | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O |
|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 17 | \$13.02 | \$13.35 | \$13.69 | \$14.03 | \$14.38 | \$14.74 | \$15.11 | \$15.50 | \$15.87 | \$16.27 | \$16.68 | \$17.09 | \$17.52 | \$17.96 | \$18.40 |
| 18 | \$13.69 | \$14.03 | \$14.38 | \$14.74 | \$15.11 | \$15.50 | \$15.87 | \$16.27 | \$16.68 | \$17.09 | \$17.52 | \$17.96 | \$18.40 | \$18.86 | \$19.34 |
| 19 | \$14.37 | \$14.73 | \$15.10 | \$15.49 | \$15.86 | \$16.26 | \$16.67 | \$17.07 | \$17.50 | \$17.95 | \$18.39 | \$18.85 | \$19.33 | \$19.80 | \$20.30 |
| 20 | \$15.09 | \$15.48 | \$15.85 | \$16.25 | \$16.66 | \$17.06 | \$17.49 | \$17.94 | \$18.38 | \$18.84 | \$19.31 | \$19.79 | \$20.29 | \$20.79 | \$21.32 |
| 21 | \$15.84 | \$16.24 | \$16.65 | \$17.05 | \$17.48 | \$17.92 | \$18.37 | \$18.83 | \$19.30 | \$19.78 | \$20.28 | \$20.78 | \$21.30 | \$21.83 | \$22.39 |
| 22 | \$16.64 | \$17.04 | \$17.47 | \$17.91 | \$18.36 | \$18.82 | \$19.29 | \$19.78 | \$20.28 | \$20.78 | \$21.30 | \$21.83 | \$22.39 | \$22.93 | \$23.51 |
| 23 | \$18.18 | \$18.65 | \$19.11 | \$19.60 | \$20.09 | \$20.59 | \$21.10 | \$21.64 | \$22.16 | \$22.73 | \$23.28 | \$23.87 | \$24.48 | \$25.08 | \$25.70 |
| 24 | \$19.76 | \$20.25 | \$20.75 | \$21.27 | \$21.80 | \$22.36 | \$22.90 | \$23.48 | \$24.08 | \$24.66 | \$25.28 | \$25.92 | \$26.56 | \$27.22 | \$27.90 |
| 25 | \$21.33 | \$21.85 | \$22.41 | \$22.96 | \$23.53 | \$24.13 | \$24.72 | \$25.33 | \$25.97 | \$26.62 | \$27.28 | \$27.96 | \$28.66 | \$29.38 | \$30.12 |
| 26 | \$22.87 | \$23.45 | \$24.03 | \$24.63 | \$25.25 | \$25.89 | \$26.52 | \$27.19 | \$27.87 | \$28.57 | \$29.28 | \$30.01 | \$30.76 | \$31.54 | \$32.32 |
| 27 | \$24.44 | \$25.03 | \$25.66 | \$26.31 | \$26.97 | \$27.64 | \$28.33 | \$29.04 | \$29.77 | \$30.51 | \$31.29 | \$32.07 | \$32.87 | \$33.69 | \$34.47 |
| 28 | \$26.38 | \$27.04 | \$27.72 | \$28.41 | \$29.12 | \$29.85 | \$30.60 | \$31.36 | \$32.15 | \$32.96 | \$33.77 | \$34.61 | \$35.48 | \$36.37 | \$37.27 |
| 29 | \$28.72 | \$29.45 | \$30.18 | \$30.93 | \$31.71 | \$32.51 | \$33.32 | \$34.15 | \$35.00 | \$35.87 | \$36.77 | \$37.69 | \$38.63 | \$39.60 | \$40.59 |
| 30 | \$30.68 | \$31.44 | \$32.24 | \$33.04 | \$33.87 | \$34.72 | \$35.59 | \$36.47 | \$37.37 | \$38.31 | \$39.27 | \$40.25 | \$41.25 | \$42.30 | \$43.33 |
| 31 | \$32.25 | \$33.05 | \$33.88 | \$34.73 | \$35.60 | \$36.48 | \$37.38 | \$38.32 | \$39.28 | \$40.27 | \$41.26 | \$42.31 | \$43.34 | \$44.45 | \$45.53 |
| 32 | \$33.80 | \$34.65 | \$35.51 | \$36.40 | \$37.31 | \$38.24 | \$39.19 | \$40.18 | \$41.17 | \$42.21 | \$43.26 | \$44.37 | \$45.44 | \$46.60 | \$47.79 |
| 33 | \$35.75 | \$36.64 | \$37.57 | \$38.50 | \$39.46 | \$40.44 | \$41.45 | \$42.49 | \$43.55 | \$44.64 | \$45.78 | \$46.89 | \$48.08 | \$49.30 | \$50.51 |

Due to significant savings realized with the refunding of the 2010 electric bond issuances, I propose moving a portion of the appropriation for the General Fund subsidy to the Electric Fund originally meant to cover USDA debt service (\$184,000) to fund this position. Given the significant savings from the current refunding and potential savings from possible advance refunding, combined with the current vacancies in the Electric

Fund, the subsidy from the General Fund will not be necessary to ensure that bond covenant is met.

Recommendation

Approve, by motion, the creation of a Compliance Officer position within the Finance Department, reclassify the CFAO position as the Finance Director, and approve the proposed succession plan.

Encl: (1) Compliance Officer Position Description
(2) Finance Director Position Description

City and Borough Sitka, Alaska

Class Specification

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|----------------------------|---------------------------|
| Class Title | Compliance Officer |
| Class Code Number | XXXX |
| FLSA Designation | Exempt |
| Pay Grade and Range | 33 |
| Effective Date | 8/15/2020 |

General Statement of Duties

Under the direction of the Controller, the Compliance Officer develops compliance policies and procedures, and metrics to ensure the Municipality's business operations including, but not limited to, leasing, contracting, and procurement are performed in compliance with state and federal laws.

This position also serves as a Lease Accountant in accordance with Governmental Accounting Standards Board (GASB) bulletin 87 with complete responsibility for the development and oversight of acquisition and lease strategy through contract execution, contract administration and contract closeout.

Distinguishing Features of the Class

The Compliance Officer is a single position job class which has a variety of tasks and areas of expertise, including but not limited to developing company policies, creating metrics to help track compliance, and performing compliance audits with respect to leasing, contracting, and procurement activities in a municipality. The Compliance Office is responsible for ensuring compliance with all applicable state and federal laws and regulations as added to and amended from time to time. The Compliance Officer does not directly supervise any other position but does provide oversight of work performed by other Municipal employees in the leasing, contracting, and procurement reporting any discrepancies to the Finance Director and the Municipal Administrator. The Compliance Officer also has responsibilities to work with employees, elected officials, and citizens to assist with understanding the requirements and processes involved in leasing, contracting, and procurement to ensure accuracy, accountability and avoid corruption.

The Compliance Officer works under minimal supervision and extensive leeway is granted for the exercise of independent judgment and initiative. The nature of the work performed requires that an employee in this class establish and maintain effective working relationships with other department and Municipal employees, Assembly members, media, Federal and State agencies, contractors, leasing agents, vendors and suppliers, and the public. The principal duties of this class are performed in a general office environment.

Examples of Essential Work (Illustrative Only)

- Develops leasing, contracting, and procurement policies and procedures in accordance with the Sitka General Code (SGC). Communicates/collaborates these policies with Departments to ensure compliance and mission success.
- Provides to Departments, approved leasing and contracting strategy to develop the solicitation documents including but not limited to, contract type, the pricing arrangements and incentives, set-aside considerations, subcontracting requirements, source selection plans including evaluation criteria, delivery schedules, security requirements, government property and other required terms and conditions.
- Guides Departments in developing solicitation documents, publication requirements, analyze offers received, prepare a negotiation position, evaluate technical and cost proposals, negotiate cost, fee or profit as well as resolve technical issues, and enters into a formal contract. Leads or participates on source selection team.
- Requires the program office/customer to conduct extensive and sophisticated cost and pricing analyses. Develops final price for negotiation position and participates as lead or member on the negotiating team ensuring a best value. Analyzes price and cost data contained in contractor's proposals to ascertain reasonableness of price. Performs cost and price analyses in connection with the request for approval of awards, leases, claims, price adjustments, terminations, price determination, escalation, changes orders, and any other pertinent data points. Evaluates prospective contractor's financial capability as part of pre-and post-award surveys when appropriate.
- Serves as the Municipal Business Advisor to Department Heads and employees providing guidance in all facets of the procurement process to include the development of the statement of work, requirements for competition, market research and request for information, past performance, preparation of evaluation criteria and safeguarding the interest of the City and Borough of Sitka in its contractual relationships, ensuring contractors receives impartial, fair, and equitable treatment, and the preparation of documentation in these areas.
- Educates employees responsible for procurement in each department in the requirements for the various business information technology systems used in the procurement process.
- Performs detailed contract administration activities. Responsibilities includes but are not limited to monitoring contractor performance through site visits, correspondence, e-mail, and telephone conversations to ensure successful completion of the contract in accordance with the established terms and conditions. Serves as the lead negotiator for contract changes that result in contract modifications.
- Provides audit information to management by researching and analyzing data; preparing reports.
- Perform compliance audits to determine whether established protocols are being followed and where they can be improved by using data from both internal and external sources. Make recommendations for compliance and improvement.
- Collect, coordinate, and communicate internal compliance data with auditors and various departments heads as appropriate.
- Provides administrative support by implementing systems, procedures, and policies; completing projects in support of compliance auditors. Maintain up to date written documentation and policies related to the organization's business activities.
- Enforces adherence to compliance policy and procedure requirements and advises management on needed actions.
- Create compliance resource library for use by Municipal employees
- Remain up to date on federal, state and local laws related to the organization and update policies accordingly
- Attends meetings, conferences, workshops, and training sessions, and reviews publications and audio-visual materials, to become and remain current on the principles, practices, and new developments in assigned work areas;
- Responds to all stakeholders in a courteous, and timely manner;
- Communicates and coordinates regularly with Department Heads and employees to maximize the effectiveness and efficiency of interdepartmental operations and activities.

Compliance Officer – XXXX

- Performs other duties as assigned.

Required Knowledge, Skills and Abilities

The Compliance Officer requires extensive knowledge of:

- Thorough knowledge of cost estimating techniques, including but not limited to learning curve, regression analysis, complex contractual arrangements, extensive fact finding.
- Thorough knowledge of municipal budgetary policies and procedures;
- Thorough knowledge of municipal protocols and best practices with regard to leasing, contracting, and procurement;
- Thorough knowledge of legal requirements with regard to leasing, contracting, and procurement under federal, state and local law;

The Compliance Officer requires the following skills:

- Strong skills to use critical thinking skills to explore new or innovative contracting approaches to arrive at an equitable contract arrangement that is fair and reasonable and in the best interest of the CBS;
- Strong analytical skills and ability to accurately interpret complex documents and policies
- Skills to negotiate complex leases and contracts using a variety of negotiations techniques;
- Skills to organize and prioritize multiple projects and tasks
- Skills to establish and follow time management and to meet deadlines

The Compliance Officer requires the following abilities:

- Ability to collaborate with a variety of individuals and be open to suggestions from team members
- Ability to communicate well with others, both orally and in writing, using both technical and non-technical language;
- Ability to understand and follow oral and/or written policies, procedures and instructions;
- Ability to prepare and present accurate and reliable written or data reports containing findings and recommendations;
- Ability to operate a personal computer using standard or customized software applications appropriate to assigned tasks;
- Ability to use logical and creative thought processes to develop solutions according to written specifications and/or oral instructions;
- Ability to perform a wide variety of duties and responsibilities with accuracy and speed under the pressure of time-sensitive deadlines;
- Ability and willingness to quickly learn and put to use new skills and knowledge brought about by rapidly changing information and/or technology;
- Ability to demonstrate integrity, ingenuity and inventiveness in the performance of assigned tasks.

Acceptable Experience and Training

- Graduation from an accredited college or university with a Bachelor's degree or equivalent in Business Administration or Finance; and
- 5+ years prior experience in risk management or compliance roles, municipal contracting, and/or lease management; or
- Any equivalent combination of experience, education and training which provides the knowledge, skills and abilities necessary to perform the work.

Required Special Qualifications

Compliance Officer – XXXX

- Must have, or be willing to obtain, a compliance certification from either a State or Federal agency
- Ability to travel, as required and appropriate.

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| Essential Physical Abilities |
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- Sufficient clarity of speech and hearing or other communication capabilities, with or without reasonable accommodation, which permits the employee to communicate well with other employees and the general public;
 - Sufficient vision or other powers of observation, with or without reasonable accommodation, which permits the employee to use a computer screen and process numeric data;
 - Sufficient manual dexterity with or without reasonable accommodation, which permits the employee to operate a computer keyboard and access files;
 - Sufficient personal mobility and physical reflexes, with or without reasonable accommodation, which permits the employee to move about in an office environment.
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City and Borough Sitka, Alaska

Class Specification

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|----------------------------|---------------------------|
| Class Title | Finance Director |
| Class Code Number | 1102 |
| FLSA Designation | Exempt (Executive) |
| Pay Grade and Range | 41 |
| Effective Date | 9/1/2020 |

General Statement of Duties

The Finance Director leads and manages all aspects of municipal finance and undertakes assigned strategic initiatives, including the management and leadership of all employees in the Finance Department. The incumbent also provides direction, support and coordination to the Information Technology department. The Finance Director develops and implements broad fiscal and operational policy, engages in strategic planning, and advises the Municipal Administrator on all aspects of finance. The Finance Director coordinates closely with and advises other department heads. The Finance Director has responsibility for ensuring the overall success of Finance. The Finance Director may serve as acting or interim Municipal Administrator during the absence of the Municipal Administrator.

Distinguishing Features of the Class

The principal function of an employee in this class is to ensure the financial health of the municipality by managing cash flow and debt, developing appropriate financial policies, maintaining internal controls, preparing financial statements and advising the Administrator, Assembly, and other department heads on the financial condition of the City and Borough and its various funds. Clear and effective communication around the financial challenges and choices the municipality faces is required. The work is performed under the direct supervision of the Administrator but extensive leeway is granted for the exercise of independent judgment and initiative. Supervision, management, and leadership are exercised over the work of all Finance Department and Information Technology employees. In the absence of the Administrator an employee in this class may temporarily assume full responsibility for duties of the Administrator. The nature of the work performed requires that an employee in this class establish and maintain effective working relationships with other Department and City employees, Assembly members, media, investment and lending institutions, Federal and State agencies, vendors and suppliers and the public. The principal duties of this class are performed in a general office environment.

Examples of Essential Work (Illustrative Only)

Strategy and planning:

- Advise and provide strategic guidance to staff and assembly around long-range plans—both general governmental and for the municipality’s enterprise funds, including utilities.

- Ensure development of and adherence to key fiscal policies, including debt levels, that ensure current and future fiscal health;
- Establishes and maintains all financial and accounting systems for the City and Borough and assists the Administrator and other departments with the development and implementation of financial systems, fiscal policies and procedures;
- Reviews and analyzes the financial impact of proposed legislation;

Management of taxpayer resources

- Plans, organizes, directs, supervises and coordinates the activities of the Finance Department, including accounting, treasury, budget, customer billing, customer service and collections, personnel, and property, sales, and bed tax;
- Administers city-wide insurance to ensure appropriate levels of risk exposure;
- Oversees the preparation of the quarterly financial statements and the Consolidated Annual Financial Report;
- Develops financial policies, procedures and guidelines, including necessary ordinances and provides for their implementation;
- Manages cash flow and the investment of all funds;
- Develops and maintains internal financial controls, including those relating to management of Federal and State funding;
- Oversees procurement policy and implementation;
- Responds to citizens' questions and comments in a courteous and timely manner;

Support and collaboration within municipal government

- Provides ongoing and annual revenue projections for all City funds and departments;
- Serves as advisor and consultant to the department heads on all financial matters;
- Serves as senior advisor to the Municipal Administrator on all financial issues;
- Serves as the key advisor to the Assembly on all financial matters;
- Communicates and coordinates regularly with others to maximize the effectiveness and efficiency of interdepartmental operations and activities;

Budget

- Coordinates the preparation of the Consolidated Operating Budget, including presenting the budget to the Assembly in a manner that communicates how the budget addresses long-term challenges;
- Oversees the monitoring and advising on departmental budget to actual performance;
- Serves as a liaison with the Sitka School District on all budgetary matters;

Information Technology

- Leads and manages Information Technology employees 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 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 and Information Technology issues.

General

- Provides the day-to-day management leadership to all employees of IT and Finance; hire and fire employees as department head; motivates employees; generally supervises and evaluates the work performed in both departments;
- Perform job duties with integrity, ingenuity, and inventiveness;
- Performs other duties as assigned

Required Knowledge, Skills and Abilities

- Demonstrated leadership managerial ability and success at the highest organizational level;
- Comprehensive knowledge of Generally Accepted Accounting Principles (GAAP) and Government Accounting and Auditing Financial Reporting (GAAFR) standards;
- Comprehensive knowledge of fund accounting, auditing and reporting requirements;
- Comprehensive knowledge of laws and administrative policies governing municipal financial practices and procedures;
- Thorough knowledge of the practices, methods and laws relating to municipal bond financing;
- Good knowledge information technology as applicable to municipal government;
- Ability to develop appropriate accounting methods for control and reporting purposes;
- Ability to conduct long-range fiscal planning and budgeting;
- Ability to communicate well with others to secure cooperation and efficient coordination in the preparation of financial records and reports;
- Ability to prepare accurate and reliable reports with appropriate analysis and recommendations;
- Ability to interpret complex fiscal reports and records, analyze financial data and determine appropriate accounting methods for control and reporting purposes;
- Ability to communicate well with others, both orally and in writing, using both technical and non-technical language;
- Demonstrated ability to make public presentations;
- Demonstrated experience successfully managing all aspects of an external audit of the internal controls and financial systems;
- Demonstrated ability and willingness to quickly learn and put to use new skills and knowledge brought about by rapidly changing information and/or technology;

Acceptable Experience and Training

- Master's Degree in Public Administration or Business Administration, and/or a;
- Minimum ten years cumulative experience in senior executive level positions which entailed at least two years of managerial responsibility, respectively, for Finance and Information Technology functions; or,
- Any equivalent combination of experience, education and training which provides the knowledge, skills and abilities necessary to perform the work.

Required Special Qualifications

- Possession of a driver's license issued by the State of Alaska;
- Ability to travel, as required and appropriate

Essential Physical Abilities

- Sufficient clarity of speech and hearing or other communication capabilities, with or without reasonable accommodation, which permits the employee to communicate well with other employees and the general public;
- Sufficient vision or other powers of observation, with or without reasonable accommodation, which permits the employee to use a computer screen and process numeric data;
- Sufficient manual dexterity with or without reasonable accommodation, which permits the employee to operate a computer keyboard and access files;
- Sufficient personal mobility and physical reflexes, with or without reasonable accommodation, which permits the employee to move about in an office environment.