

If City Managers Ruled The World!

Dania Torres Wong, Managing Partner, RSHS
Greg Nyhoff, City Manager of Oxnard
Bob Deis, Senior Consultant, RSHS Public
Management Group

Premise for Panel Discussion

- Benjamin Barber's book: "If Mayors Ruled the World"
 - Those that run our country's cities are the key to good governance
 - Cities are the centers of the global economy
 - Greater than 50% of the world's population are now in cities
 - Cities are incubators of cultural, social and political innovations that shape the world
 - Mayors are unburdened by partisan politics
 - Mayors must demonstrate a non-partisan pragmatic style of solving problems that is missing nationally
 - Mayors earn the trust of the citizenry which helps cities become the beacons of good government

Premise for Panel Discussion (cont.)

- Does that sound like what City Managers do?
- Can City Managers fulfill that same role?
- My premise is YES!
- We have two examples to share with you
- We want to discuss Oxnard – a work in progress but off to a fantastic start
- Stockton – a complete transformation

Panel Introductions

- Dania Torres Wong – managing partner of Renne Sloan Holtzman Sakai law firm and Public Management Group™ consulting division
- Greg Nyhoff – City Manager of Oxnard since June 2014; prior City Manager of Modesto
- Bob Deis – Senior Consultant Public Management Group™ (RSHS) and former City Manager of Stockton

OXNARD CALIFORNIA

- Greg arrived June 2014
- Just after DA Investigation
 - City Hall was locked down and records taken
 - No one was indicted because the records were so bad!
 - Numerous findings about questionable activity with a focus on Council, City Manager's Office and senior management
 - No permanent City Manager for 2 years
 - Budget seemed to be in good shape with \$13.9 million in General Fund reserves (remember that number!)



ICMA CODE OF ETHICS

ICMA

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 government by developing and fostering professional local government management worldwide. To further this mission, various principles, as required 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 excessiveness in professional responsibilities, believing the member should be free to carry out official duties 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. Seek no favor; believe that personal aggrandizement or profit secured by confidential information or by misuse of public time is dishonest.

Greg's Experience Shortly After Arrival

- Labor MOU's and Council policy being ignored around leave accruals
- City's Excess Accrued Leave Liability was \$21 million
- 100+ vacancies but no salary savings?
- Numerous "ghost positions" authorized with no funding
- Departments didn't know what was in their budgets
- It was time to negotiate new MOU's and it was unclear what we could afford
- Compensation for some employees was adjusted without Council delegated approval
- Concern with Special Assessment Districts

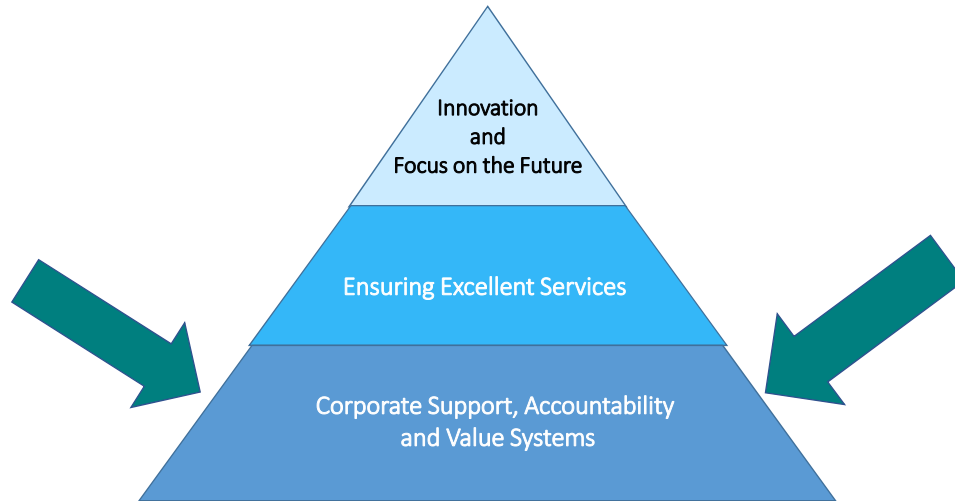
Tip Of the Iceberg

- Panic Sparked Call To Action
- In Search for the Truth
- Tapped Into Independent & Qualified Resources

Response by Dania & Bob To The Request For Help

- Create a support team with legal and subject matter experts – available when Greg needs it
- Develop proposal to assess the organization

Three Critical Building Blocks of Good Government



What Did We Find?

128 Findings and Recommendations

Unhealthy Organizational Culture

- Employee roles defined by individuals rather than from the CMO
- Professional standards low
- Finances managed primarily by one person
- Staff guessing what the Council wanted which drove recommendations
- Council was shocked and was not told the condition of the City

What Did We Find (cont.)?

Unhealthy Organizational Culture

- Council adopted good Financial Management Policies but were not entirely followed
- Not complying with federal & state law on various fronts
- Special Funds had negative fund balances
- No replacement funds for IT or Fleet
- Utilities were heading towards a financial cliff & not complying with bond covenants
- Budget did not include fund balances
- Budget balanced with one time resources
- No one knew the financial position of the City
- Departments held hostage by one department—affecting entire City

Reactions...

Council		
Initial...	During...	Now...

Staff		
Initial...	During...	Now...

Community		
Initial...	During...	Now...

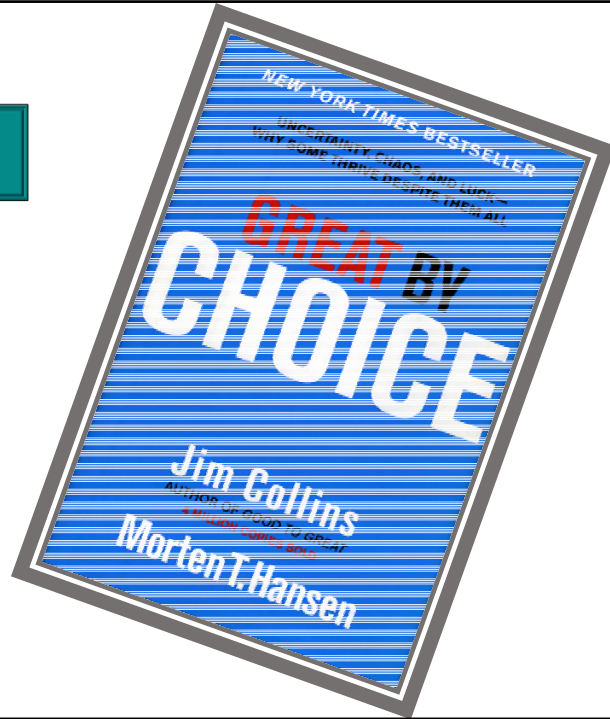
What next? How Do You Prioritize?

- **Priority #1**
 - Violating State and Federal Law
 - Violating Council Policy
 - Huge Dollar Implications to General Fund
 - Personnel changes to help the City initiate transformation
- **Priority #2**
 - Reducing risk to the enterprise
 - Reduce risk for error
 - Creating new organizational culture
 - Start building new capacity – CMO can't do it all!
- **Priority #3**
 - Best Management Practices
 - Work your way up the triangle!

What Happened the First Year?

- Replaced a large part of the City senior management team
- Created more capacity in CMO
- Wiped out the entire General Fund balance
- Cut \$12.8 million out of the General Fund
- Created new transparent budget process
- Created internal audit program
- Commissioned multi-year fiscal forecast
- Expectations...

Expectations...



Lessons Learned – Take Aways?

You must get agreement on expectations of senior management, mid-management, supervisors and line-staff

- Must be reinforced with City rituals e.g. PE's, training, promotions, providing new opportunities (develop and invest in capacity-building)
- Absent this, people create their own expectations based on what works or doesn't work
- Constantly work it! Survey, check in directly with employees, etc. and see what is really going on
- Reinforce expectations when interacting with Council – most do want the truth!

Watch out for Group Think

Clean audit opinions don't always mean something

- Meet with auditors & CFO at end and read your CAFR
- Read Management Letters

Lessons Learned – Take Aways (cont.)?

- Someone in CMO must know the details of the budget
- Do your departments have a “bench”?
- If you have 12% reserves, are you flush? What about the special funds?
- Does your budget include all funds? Multi-year planning?
- Do you have Financial Management Policies and is someone verifying they are being followed?
- Reaching out in the community, sharing information and soliciting informal advice can help
- Expect staff to have well thought out recommendations and defend them when appropriate! The Council will respect it
- If you starve the support departments, it will harm the operating departments and your mission
- Showing leadership can have risks but many times the community supports it
- What about asset management e.g. utilities, roads, facilities, etc.?

Summary

- City Managers can be key to good government
- Requires leadership and building capacity beyond the CMO and just department heads (the bench)
- Sometimes it means asking for help and that can be a good thing
- The result here, 2 cities with 500,000 pop. are reaping the benefits

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