



Draft Final Report Succession and Efficiency Report

City of Menasha and Menasha Utilities, Menasha, Wisconsin

March 19, 2013

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Mission Statement

Springsted provides high quality, independent financial and management advisory services to public and non-profit organizations, and works with them in the long-term process of building their communities on a fiscally sound and well-managed basis.



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LETTER OF TRANSMITTAL

March 19, 2013

Don Merkes, Mayor
City of Menasha
140 Main Street
Menasha, WI 54952

Re: **Draft Final Report: Succession and Efficiency Study**

Dear: Mayor Merkes:

On behalf of the Springsted project team, we are pleased to submit the Draft Final Report on the City of Menasha-Menasha Utilities Succession and Efficiency Study to the Menasha Common Council and the Menasha Utilities Commission. It has been our distinct pleasure to work with you as well as with City and Utilities staff and members of the Common Council and Utilities Commission on this important project. Involvement and participation from a broad cross section of representatives of both organizations have ensured a comprehensive study process, a detailed understanding of the areas we reviewed and practical findings and recommendations to be considered for implementation.

Leadership, relationships and strategy emerge as the dominant themes of this study. The study identifies many opportunities to increase the coordination, collaboration and cooperation within each organization and between the City and the Utilities. Integration of service across both organizations, not consolidation, is recommended.

The findings and recommendations of this study reflect the information and insights provided by many individuals from both organizations through interviews and participation in an employee survey completed by 82 respondents. The recommended course of action includes high priority items requiring immediate consideration as well as longer-term strategies that address organizational structure, a leadership approach to strengthen the culture of each organization and increased collaboration within and between the City and the Utilities.

We hope that our work provides City and Utilities officials with a framework for thoughtful discussion and deliberate conversation about the future of the community and the role of municipal and utilities

Public Sector Advisors

services. We are confident that with purposeful, outcome-oriented conversations you will make enhancements and improvements in your services to both the *taxpayers* and *the ratepayers*.

We wish to express our thanks and appreciation to you and to Pam Captain and Melanie Krause for guidance throughout the study and assistance in coordinating study logistics and details. We also want to recognize Council President Stan Sevenich and Utilities Commission President Mark Allwardt who offered feedback on the presentation of preliminary findings. Finally, we want to acknowledge all of those individuals who shared their perspectives, suggestions and hopes for the future of these organizations. The time, involvement and input provided by all of the study participants were greatly appreciated. Their individual support was instrumental in our ability to complete the study. We thank you for this opportunity to be of service and look forward to the opportunity to provide future assistance to you.

Respectfully,

David Unmacht
Springsted, Incorporated

Sharon Klumpp
Springsted, Incorporated

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I. Executive Summary

This section will be completed as part of the final report.

II. Introduction and Study Process

The City of Menasha and the Menasha Utilities retained Springsted Incorporated to conduct an assessment and analysis of a select portion of their business operations. The City Council and Utility Commission prepared a Request for Proposals seeking an objective organizational assessment to understand fundamental dynamics occurring in four specific business functions and to identify opportunities and recommendations to move forward. This study focuses on four primary areas:

1. Organizational opportunities to achieve efficiencies through interdepartmental cooperation and consolidation in Utilities, Finance including Information Technology (IT), Human Resources, and Public Works including Parks Maintenance
2. Department structures
3. Succession planning

The study process used for the organizational review included the following 14 steps:

- Four (4) days of on-site interviews on October 8-9 and November 28-29, 2012.
- On-line confidential survey for City and Utilities staff.
- Over 70 individual or small group interviews with City and Utilities personnel including top administrators, department heads, supervisors and staff. This is a large sample size equating to roughly 43% of the joint workforce.
- Briefing with the City Council and Utilities Commission on October 9, 2012.
- A series of follow-up meetings and interactions to clarify data and review supplemental information.
- An extensive review of public documents and information obtained from public websites.
 - City and Utilities planning documents
 - Financial data
 - Statistical data
 - Department organizational charts
 - Memorandums, e-mails and correspondence
 - Reports and other documents related to this study
- Questionnaire completed by comparable communities.
 - City of Appleton
 - City of Kaukauna
 - City of Neenah
 - Town of Menasha
- Telephone interviews with municipal utilities.
 - New Holstein
 - Manitowoc
 - Kaukauna
 - Cedarburg (via e-mail)
 - Sturgeon Bay
 - Marshfield

- Telephone conversation with Dan Ebert of the Wisconsin Public Power, Incorporated (WPPI).
- Consultation with professional peers and colleagues.
- Examination of organizational design theory and practices.
- Briefing on the Preliminary Findings with City and Utilities officials on February 6, 2013.
- Review of feedback provided on February 20, 2013.
- Discussion on the Draft Report with City and Utility staff on March 15, 2013.

The study process list will be updated in the Final Report. Each step is an important component of the overall study process. Collectively they represent a thorough foundation for the analysis and recommendations resulting from this study. The process followed generally acceptable business standards and where necessary was expanded to be more comprehensive.

III. Organizational Research

Organizational research for the City and the Utilities included an on-line employee survey as well as a large number of individual and group meetings with employees. These research methods provided a broad cross-section of employees from both organizations and the opportunity to verify survey data through conversations with employees. The findings from this research are presented below.

Employee Survey

Springsted administered a confidential on-line survey to give staff the opportunity to provide input and share ideas in a manner that protected their privacy. The survey was designed to ask a series of questions related to the core objectives of the study. Of the 82 people responding to this survey, there were 52 with the City and 30 with the Utilities. 7 responses, representing 8% of the respondents, were from elected officials or appointed board members with the balance of 75, or 92% of the responses submitted by employees. Supervisors made up nearly 33% or 27 of the respondents with employees accounting for 59% or 48 of the respondents.

Respondents took advantage of the opportunity to share their thoughts; providing us almost 100 pages of survey information to analyze. This response is significant, and likely generates reliable and valid data. The 17-question employee survey appears in Appendix I along with graphs illustrating the response to these questions. A summary of survey findings is presented below.

Organizational Strengths and Areas of Improvement

- The strengths of the City are the employees, location, small community, parks, customer service, dedication, community orientation and public safety.
- The strengths of the Utilities are the low electrical rates, employees, having the tools to do the job, being community-minded and reliability.
- Improvements identified within the City include communication, image, efficiencies, morale, strategic direction, cooperation and management.
- Improvements identified within the Utilities include communication, management, morale, cooperation and working with the City.

Employee Survey Results

- The order of internal priorities is: communication, efficiencies, cooperation between departments, training and staffing levels.
- The order of external priorities is: customer service (by far), communication, service levels, cost effectiveness and city image.
- Employees identify the barriers to improved relations between the two entities as past practices, tradition, entrenchment, communications, pay scales, existing relationships, fiscal stress and trust.
- Employees report general satisfaction with their position in the following order: type of work (by far), people they work with, tools, salary and benefits, training and management.
- In both organizations, over half of the respondents rate internal coordination and cooperation between departments as fair or poor, indicating opportunities for improvement in these areas.
- Three-quarters of the respondents from both organizations rate the partnership between the City and the Utilities as fair to poor.

- Nearly three-quarters of City respondents believe there is duplication between departments or between the City and the Utilities with just under half of Utilities respondents sharing that opinion.
- City and Utilities respondents agree that there are tasks that are not being completed due to insufficient staffing or lack of resources.

Summary of Employee Meetings

To gather information for this study, Springsted consultants met with nearly 70 staff members employed by the City of Menasha and the Menasha Utilities. Meetings with staff focused predominantly on the functional areas selected for this study including utilities, finance, information technology, human resources, public work and park maintenance.

In these meetings, above all other topics, the workplace culture and the many dynamics that define it, including morale, was overwhelmingly the top concern of employees. Within both organizations, leadership positions are defined more in terms of technical and operational skills than leadership and managerial competencies, making this finding not altogether unexpected. Workplace culture, morale and related topics are addressed in greater detail later in this report.

Comments and suggestions offered by staff during these meetings and consultant observations appear below, organized by function.

Finance

- The payroll function is frequently part of Finance. This function should be moved from Human Resources and reassigned to Finance to ensure continuity and redundancy in this mission critical process. Similarly, budgeting of personnel costs, which is currently handled by Human Resources, should also be reassigned to Finance. Wages and benefits represent over 70% of municipal operating budgets, making this an important financial function. Finance should expect a close working relationship with Human Resources on all matters pertaining to employee wages and benefits.
- Increase the department's focus on serving internal customers to increase organizational efficiencies.
- Establish a goal of developing a budget as a major policy document incorporating best practices adopted by the Government Finance Officers Association (GFOA).
- Prepare a Certified Annual Financial Report (CAFR). A CAFR is an important financial management tool that increases accountability and transparency and aids elected officials in their oversight of municipal activities. Best practices are available through the GFOA.
- Develop a five-year Capital Improvement Plan (CIP) to project and prioritize capital expenses and manage the City's debt.
- Strengthen and expand long-range financial planning. This is an important area of coordination for the City and the Utilities because of the impact that debt has on the fiscal health of both organizations.
- Flexible staffing could be explored to assist Finance staff with peak workloads during tax collections; Finance staff could provide reciprocal arrangements to assist other departments during their peak workloads.
- Financial software used by the City is different from that used by the Utilities which could be a barrier to joint services.

- Assess the skill sets of City and Utilities financial staff to identify where duplication, overlap and redundancies exist. This assessment will facilitate consideration of joint service opportunities as vacancies occur in the financial operations of both organizations.

Information Technology

- Information technology is rarely part of strategy and leadership discussions. Provide greater clarity and direction for IT including the use of the IT Steering Committee to ensure that the City's use of technology meets evolving customer demands and supports efficient business processes.
- The current day-to-day focus of information technology makes it difficult to develop a strategic vision and long term plans. It also challenges the City's ability to undertake or complete large projects or software conversions.
- Expanded capital improvement planning and budgeting for the IT infrastructure is needed.
- Contracting for a security audit would help the City identify potential exposures and risks.
- The IT Department lacks sufficient staffing to address City needs. With the exception of the Police Department which has a staff person who interacts and assists with police applications, the two-member IT staff handle all City needs. More staff resources are needed to provide help desk services and network administration.
- Some sharing of IT resources is already in place. The City uses the fiber optic system operated by Menasha Utilities and has a telephone system that is interconnected with the Utilities but managed independently. The City's tax application is hosted by the City of Neenah.
- Interaction with Utilities occurs at a high level but not on an operational basis. The City and the Utilities have a different operational focus with the Utilities being involved in specialized technology programs for the water system (SCADA) and the electrical substations.

Human Resources

- The positions of Human Resources Director and City Attorney are combined, creating a very large workload and limited capacity to address City-wide policy, strategy and organizational culture needs. Human Resources can play an important role in addressing workplace culture and morale. Opportunities exist to develop and implement a City-wide performance management program and an employee development and training program that identifies and addresses staff development and coaching.
- Human Resources currently devotes a significant amount of time to processing payroll and projecting personnel costs for the annual budget. These tasks should be handled in Finance.
- The City has experienced a delay in issuing a new employee manual, which has created questions for employees affected by Act 10 on the status of workplace rules.
- Some human resource functions are being handled by departments, which can lead to inconsistent administration of personnel policies. Centralizing these functions in Human Resources would increase the capacity of department heads by freeing them from some human resource responsibilities such as employee recruitment and hiring.
- It will be important for the City to determine the overall human resources functions it needs and the skill sets required to support those functions. Then the City can examine the options for providing those functions in-house, contracting with private vendors or developing service-sharing arrangements with other entities, such as the Utilities.

Public Works

- Department personnel frequently receive inconsistent priorities and direction from the Superintendent and Assistant Superintendent on department projects and activities. Greater efficiency could be achieved by increased planning of projects and scheduling of equipment and improved communication.
- In some instances, the allocation of staff in department budgets does not reflect actual staff assignments. For example, an employee's time may be split between public works and parks maintenance even though the employee does not perform park maintenance activities. While the method for actually allocating staff is not a concern, how the information is reported causes concern because these allocations could be used for determining staffing priorities in the budget.
- Functions should be analyzed periodically to determine if it is more efficient to perform functions in-house or to contract for them. Over time, factors such as the cost of supplies and materials, cost of equipment, quality of work and the estimated life of the improvements could warrant a different approach to how services are provided.
- Inadequate space is available in the garage to handle repairs efficiently.
- The City has a good program in place to meet equipment needs and to plan for and fund replacement equipment. The process for gathering input and for evaluating equipment could be strengthened by establishing an interdepartmental committee that considers equipment priorities and makes recommendations on equipment. It may be possible to expand this process to include the Utilities.

Park Maintenance

- Tools, resources and equipment available for park maintenance are good.
- Upgrading the ball diamonds has resulted in fewer rain outs.
- Park maintenance is planning for an increased focus on Emerald Ash Borer, the cost of which will be partially covered through grant funding.
- Efficiencies could be recognized through an improved system of maintaining budget and purchasing information. Because budget and purchasing records are not readily available from Finance, Parks Maintenance maintains duplicate records, which essentially requires managers to spend time on clerical paperwork.
- There is room for more coordination with Public Works on right of way trees on street projects. Some redundancy exists with the mechanics' role in both parks and public works suggesting another area for increased coordination.
- In some cities, parks maintenance functions are performed as part of the public works department. This structure could be an option for the City to consider after first defining leadership needs and coordination with recreation.

Utilities

- The ineffectiveness of the Co-General Manager roles is the most prominent concern voiced by Utilities staff. Inconsistent management roles and a lack of clear, cohesive expectations have resulted in misperceptions across the organization. The second most prominent theme involves employees "coming over" from the steam plant and the animosity that still surrounds these employees, their roles and the work they perform. These concerns indicate a strong need for teambuilding and workplace integration.
- The Utilities has developed strategic management processes, including a strategic plan that is updated annually. The Utilities has also developed a succession plan.

- Some expressed the desire for the Commission to be more engaged and to have a fuller understanding of the work performed by Utilities staff. Within the organization, there is a desire for increased communication and improved coordination of work.
- The Utilities staff generally feel good about their tools, resources and equipment and are comfortable with their safety.
- Employees note the efforts underway to reform wellness activities. Pay and benefits are perceived to be competitive in contrast to the perception of city staff on their pay and benefits.
- Various suggestions on changes to the organizational structure were offered including:
 - Looking at the appropriate the number and nature of reporting relationships in the Distribution and Utility Services Department.
 - Opportunities to increase the use of automation in collections.
 - Structuring positions to achieve the same or better outcomes and enhancing opportunities for cross-training.

City – Utilities Cooperation

In our meetings with City and Utilities staff, the consultant team compiled a list of areas where cooperation currently exists among the City and the Utilities. We found some significant shared services that benefit both entities, indicating the opportunity to identify still more areas for further cooperation. Existing areas of cooperation and potential areas for future cooperation are provided below.

Existing

Existing areas of cooperation include various written agreements and unwritten practices, including

- Joint purchase and maintenance of a radio communication system.
- Joint phone system.
- Lighting at Koslo and Jefferson Parks.
- Charging each City and Utilities department for utility usage.
- Wastewater and storm water charges are billed by the Utilities.
- The City charges the Utilities for material costs for permanent repairs to the rights-of-way.
- Electric distribution crews trim trees by power lines, using a City truck and employee paid for by the Utilities.
- The Utilities pays the City \$1,000 per month for the services of the City Attorney, including contract review and WPPI transactions.
- Locates done in the City of Menasha are split between the utilities including electric, water, fiber and sewer.
- The City and Utilities work in partnership to respond to storms and emergencies.
- There is a good working relationship among the line crews and public works crews.

Joint Needs/Potential Areas for Cooperation

Potential areas of cooperation identified by City and Utilities personnel include:

- Building positive relationships at the managerial levels within both organizations.
- Establishing a good working relationship between the Utilities Commission and the City Council.
- Creating a shared expectation at all levels in both organizations to improve service coordination.

- Exploring opportunities to increase operational efficiencies in finance and to work cooperatively on high level financial activities such as forecasting, long-range operational and capital planning and debt management.
- The City and Utilities currently use different e-mail systems and file servers; potential cost savings from sharing information technologies could be reviewed.
- Determining if mutual benefits exist in jointly bidding and contracting for services both agencies use.
- Exploring ways that facility information can be maintained jointly and updating engineering as-builts for vertical and horizontal integration of information.
- The City could provide snow removal and grounds maintenance for Utilities facilities and properties.
- The City and Utilities could explore giving customers the ability to complete certain City and Utilities business transactions at both offices.
- Evaluating the potential to establish a shared employee performance review system and an employee orientation program for the City and the Utilities.
- Identifying opportunities to share or jointly develop personnel policies and determine if human resources support for hiring employees (job postings, application processing) could be shared.
- Exploring the possibility of offering benefits program to cover both City and Utilities staff.
- Some equipment is currently shared between the Utilities and the City; there may be opportunities for additional equipment sharing. In addition, consideration could be given to establishing an interagency committee to evaluate equipment needs and vehicle maintenance. Joint purchasing of vehicles could also be reviewed.
- Whenever work is being done underground, opportunities exist for increased cooperation and efficiency, especially in the areas of water and wastewater.

IV. Research from Comparable Entities

Springsted contacted other communities identified in consultation with the City to collect information about the similarities and differences of the services provided. The Cities of Neenah, Kaukauna, and Appleton and the Town of Menasha provided information that allows for some general comparison with the services provided by the City of Menasha. This information provides a general context for identifying prevailing business practices and service delivery methods. While these entities share a similar geographic location, there are some differences that must be taken into account. First, the Town of Menasha does not provide a full range of municipal services when compared to the cities we contacted. Second, the City of Appleton has a much greater population that is approximately three times the size of the other communities. Finally, Kaukauna is the only entity in which water and electric services are provided by an independent commission. In Appleton, Neenah and the Town of Menasha, the water utility is part of the municipal organization.

The commentary presented below highlights information that may provide useful insight to the City of Menasha and Menasha Utilities on the services addressed in this study.

City Functions

Finance

- Payroll is handled by the finance department in Appleton, Kaukauna and the Town of Menasha.
- All four communities have a five-year capital improvement plan in place.
- Risk management responsibilities are handled by the finance departments in Neenah and Kaukauna.
- Investments are handled by finance departments in Neenah and the Town of Menasha.
- Property assessment is not provided by any of the four survey communities.
- Finance departments provide utility billing where the water utility is part of the public works department.

Information Technology

- Kaukauna Utilities provides information technology services to the City of Kaukauna.
- The City of Neenah provides complete support for the city's water utility and for the Neenah-Menasha Fire Rescue and for the Menasha-Neenah Municipal Court. It also hosts the City of Menasha's tax system.
- Neenah and the Town of Menasha assign responsibility for the telephone system and cell phones to information technology.

Human Resources

- Recruitment is handled exclusively by the human resources departments in the four communities.
- Hiring is handled by the human resources staff in all of the survey entities, except for the Town of Menasha.
- Human resources staff is responsible for legal compliance on such things as affirmative action, equal employment, ADA, etc., except in the Town of Menasha where this function is outsourced.
- Classification and compensation is handled exclusively by human resources staff, except in the Town of Menasha.

- Performance evaluation systems and maintenance of the personnel manual are handled exclusively by human resources staff in all four communities.
- Labor relations are handled by the human resources staff; the City of Kaukauna also makes use of a third party provider.
- Succession planning, benefits administration and unemployment compensation are most frequently handled by human resources staff.
- Of the four communities, only Neenah assigns payroll to its human resources staff.
- The City of Kaukauna provides human resource services to the Kaukauna Utilities.

Public Works

- The four communities report an average of 4.3 street lane miles per full-time equivalent. For the City of Menasha, this ratio is 6.5. We are unable to verify the validity of these ratios and, a more in-depth review of staffing may be warranted.
- The Cities of Neenah and Appleton do some asphalt street paving with municipal staff; the Town of Menasha and Kaukauna contract for these services. This area should be studied to see if it is cheaper to contract or to do this work in-house.
- The communities report different frequencies on yard waste/brush pick up. Appleton has 2 pick-ups per year while Neenah and the Town of Menasha collect yard waste and brush 8 and 10 months of the year, respectively. Kaukauna offers this service monthly throughout the year as does the City of Menasha. The variations in the frequencies of providing this service may suggest an area for further review.
- With the exception of the Town of Menasha, the other communities provide refuse collection with in-house staff. The Town of Menasha contracts for this service as well as for curbside recycling. In Kaukauna and Appleton, curbside recycling is provided by Outagamie County.
- All of the communities contract for seal-coating, except for Neenah.
- Street sweeping and sewer jetting are handled by in-house staff in all of the communities, except for Appleton which contracts for annual sewer cleaning and televising.
- Maintenance of municipal buildings is assigned to public works in the Town of Menasha and Kaukauna. Appleton has a Facilities Management Department which includes maintenance of public grounds and buildings as well as parks and recreation function.
- Only the Town of Menasha and Kaukauna include park maintenance as part of the public works department.
- Forestry is part of public works in Neenah, Kaukauna and Appleton.

Parks Maintenance

- Information gathered on park maintenance levels was inconclusive. The four communities report an average of 77 acres of park land maintained per full-time equivalent. Based on other studies we have conducted, it appears that these communities may have reported total acres of parkland instead of acres of maintained parkland, which could greatly skew this ratio. In the City of Menasha, 29.6 acres are maintained per full-time equivalent. According to past studies we have conducted, this ratio suggests a lean operation.
- Park maintenance staff assists in snow removal in all of the other communities.

Utilities Functions

Menasha Utilities asked us to contact other utilities to gather information on organizational structures and shared service arrangements with municipalities and other utilities and to identify any functions that are outsourced. Information was received from the following utilities: New Holstein, Manitowoc, Kaukauna, Cedarburg, Sturgeon Bay and Marshfield. An outline of the general questions asked of these utilities can be found in Appendix II. An overview of the information we collected from these utilities is presented on the following pages.

Recent Changes to the Organizational Structure and Background of the General Manager

New Holstein

- In 2010, the water and wastewater functions were merged into a single department to promote increased cross-training of personnel.
- The General Manager has a Bachelor of Science degree in business; his utility experience includes operations, marketing and customer service.

Kaukauna

- The GIS function has been moved from IT to distribution.
- The water department is only responsible for distribution; Kaukauna does not have a treatment plant.
- Efficiencies achieved through technology improvements have enabled the utility to reduce one administrative field position.
- WPPI has a full-time energy services representative on site; the regional safety coordinator and WPPI key accounts manager positions are shared with other utilities.
- The operations manager and manager of electric distribution are both engineers.
- The General Manager is registered as a professional engineer and has an MBA.

Sturgeon Bay

- The general manager has a financial background, which is useful because many utility decisions are complex and financially driven.

Manitowoc

- After two years of an organizational structure that combined electric distribution and water distribution, the utility separated these functions. The General Manager explained that distribution issues often occur simultaneously and create priority issues. More importantly, water and electric skill sets are sufficiently different making cross-training difficult to achieve.
- The organizational culture emphasizes cross training which begins on day one. In water, operators must work across all water functions. This rotation provides job satisfaction and prepares staff for future promotions.
- The General Manager is a civil engineer with an environmental background.

Cedarburg

- The existing organizational structure allows the electric and water utilities, which are regulated by the PSC (Public Service Commission), to operate separately from the non-regulated functions of the City.

Marshfield

- In addition to water and electric utilities, Marshfield also operates a small communications utility.
- The General Manager notes that staff has been added to ensure regulatory compliance. The utility reports a good working relationship with the PSC.
- The water treatment plant is automated; employees assigned to water are cross-trained on all aspects of the water utility. The same is true for electric. There is no cross-training between electric and water.

Succession Planning

New Holstein

- The organization is flat, with little room for advancement. Cross training gives employees more variety and better exposure to organizational opportunities. The utility is not seeing as many employees making a career at the utility, which has increased its focus on employee retention.

Kaukauna

- The utility has a goal of getting a formal plan into place over the next two years.

Sturgeon Bay

- The primary focus has been on cross-training.

Cedarburg

- Developing a succession plan will be a major focus in 2013.

Marshfield

- There is not a formal plan in place.

Outsourcing and Shared Services with Other Utilities

New Holstein

- New Holstein outsources projects that involve boring. The utility informally shares equipment with other utilities. Billing is handled through WPPI.

Kaukauna

- Kaukauna contracts out tree-trimming, underground utility locating and directional boring.
- The utility participates in mutual aid with other utilities and shares equipment.
- Joint purchasing is handled through WPPI. The General Manager said the utility would work with the county for joint purchasing, just as the does, if WPPI were not available.

Sturgeon Bay

- Sturgeon Bay Utilities contracts its water and wastewater operations to United Water. The utility has outsourced these operations for over 15 years but has not always used the same company.
- The utility also contracts for electric engineering and receives IT services through WPPI.

Cedarburg

- The utility outsources its annual tree clearance program, underground cable installation, locating of underground electric lines and electric meter testing. Cross connection inspections for business customers are also outsourced.
- The utility participates in mutual aid with other utilities affected by storms and MEUW safety training courses.

Marshfield

- The utility outsources excavation needed for water main construction; utility crews do the construction. It also outsources the actual running and mailing of utility bills.
- The utility participates in mutual aid with other utilities.

Shared Service Arrangements with Municipalities

New Holstein

- Shared service arrangements with the City include:
 - Joint purchase of office equipment (one takes the lead and bills the other).
 - Both entities use the same accounting software.
 - Utility purchases gasoline and fuel from the City.
 - The utility office is in City Hall; the utility pays rent to the City.
 - A shared server houses city and utility data. Both entities contract with a third party vendor for IT services.
 - The City's mechanic services utility equipment and bills the Utility.
 - The city and the Utility jointly set priorities for infrastructure projects in the CIP; they use the same engineering firm for water and sewer that the City uses for street projects.
 - The repair of water main breaks is the sole responsibility of the Utility. Breaks are repaired first with cold mix, which is replaced with asphalt in the fall. Public works provides gravel to repair the breaks and invoices the cost of materials to the utility.
 - The utility makes its equipment available for installing and removing city banners.
 - There is no regular attendance of utility personnel at city department head meetings; however there is frequent interaction between the Utility Office Manager and the City Clerk. During emergencies, the Utilities staff are in frequent contact with police and IT.

Kaukauna

- The General Manager reports a good working relationship with the City's Finance Manager.
- The Kaukauna Utility shares two positions with the City. A Human Resources Manager is split 50/50 between the utility and the City. Separately, neither entity had a sufficient number of employees to justify an HR position. Although the IT position is not currently split 50/50, the Utility and City are moving in that direction.
- The Utility and the City hold joint discussions on capital projects with a goal of minimizing disruption to each entity and to the street.
- The Utility is responsible for repairing city streets after a water main break.

Sturgeon Bay

- The General Manager and City Administrator have regular interaction. The General Manager frequently attends city meetings, particularly if the utility is a stakeholder on an issue being discussed by the City. Similarly, the Electric and Water/Wastewater Managers meet with their city counterparts on development issues and to ensure a good working relationship with public works.
- The Utility and the City use the same phone system.
- The Utility's human resource, finance and IT functions are all separate from the City. In human resources, there is increasing coordination particularly in health care because joining with the City creates a larger group. The Utility has also worked with the City on rewriting the handbook to keep policies comparable.

- The City’s public works function is distinct from the Utility; however, the Utility trims right of way trees and the City plows the Utility parking lot. Most sharing of services occurs on a handshake basis.
- The Utility makes an annual \$25,000 contribution to City engineering for work associated with main replacements in small projects.

Manitowoc

- The Utility provide IT for the entire City. IT personnel are cross-trained; one staff person is assigned to and located at City Hall.
- The utility bills for the City wastewater and also sends out the City property tax rolls.
- The Utility exchanges information with the City on capital projects. The General Manager questions the practice of replacing water mains every time a street is reconstructed because the life of a street is considerably less than a water main.
- There is an established policy for repairing concrete streets after a water main break. If the street is 5 years old or less, the Utility is responsible for replacing the whole panel. If the street is more than 5 years old, the Utility must replace one foot around the repair. Slurry is used for the repairs because it fills in where water may have created cracks.

Cedarburg

- The General Manager attends bi-weekly city meetings with department heads and the City Administrator. Each attendee gives a brief update of key activities in their departments.
- The Utility stresses the importance of employees being friendly and helpful to other city departments/employees, and to recognize that “what we say and how we say it reflects on the Utility and the relationship between the Utility and the City.”
- The utility bills sewer charges on behalf of the City.
- The Police Department handles the Utility’s after-hours dispatch calls. Per a suggestion from the Utility, the Police Department now bills the Utility for this service.
- The City bills the Utility for a portion of the City Engineer’s labor for time spent on water relay projects that are done in conjunction with the City’s street replacement program.
- The Utility and the City participate in a safety and health committee and a wellness program. The Utility also shares information, such as a recently completely comprehensive analysis of city and utility benefit costs with the City Administrator.
- The Utility provides some community support financially and through employee efforts (i.e. putting up Christmas decorations and flags), but most services provided by the Utility are billed to the City.
- The Utility assists the City with street tree removals if they are located near electrical lines. The Utility reimburses the City \$100 for every tree the City removes from under a power line and replaces with a low-growing variety. This incentive reduces future tree trimming costs for the Utility.
- The City and Utility share equipment; the City shares gravel, stone and sand with the Utility.

Marshfield

- The General Manager attends City staff meetings.
- The utility pays one-third the cost of the City Finance Director for financial services provided by the City, which includes co-signing checks, bonding and required public notices.
- The Utility pays one-third the cost of a City Electrical Inspector to provide code inspections for the Utility’s 4,000 customers located outside of the Marshfield city limits.

- The cost of boiler insurance is shared with the City and the School District. In addition, the Utility purchases gas and diesel fuel from the City.
- There is some sharing of equipment between the City and the Utility.
- GIS is maintained by the City; the Utility directly inputs data into the system.
- The Utility shares information on water main breaks with the city and is responsible for repairing the streets and keeping areas of the street that have been repaired in drivable condition. Permanent repairs are done in accordance with standards approved by the City Public Works Committee.
- The Utility takes out permits and pays fees for all street work.
- The City and the Utility coordinate on the planning of capital projects. The City typically gives the Utility a couple of years notice on street re-builds giving the Utility time to determine if lines will be replaced. The Utility has been doing more in-place replacement to avoid disturbing streets.

City Council – Utility Commission Relationships

New Holstein

- The Utility distributes monthly reports to the City Council. The General Manager attends some but not all City Council meetings. Joint meetings of the City Council and Utility Commission are rare, except when financing is required.

Kaukauna

- The City Council appoints a liaison to the Utility Commission, alleviating the need for joint meetings. The Commission has 7 members, including 2 members from the City Council including the Mayor and the Chair of the Public Works Committee.

Sturgeon Bay

- The Utility provides monthly updates at each City Council meeting. These updates are brief and may not be effective.
- The length of a commissioner term is 7 years, reflecting the complex nature of municipal utilities and the time it requires for commissioners to become familiar with utility operations.

Cedarburg

- The Utility provides an annual “State of the Utility” presentation to the City Council. When this practice was started many years ago, it helped improve the relationship between the Utility and Council by opening the lines of communication. Since, then, it continues to solidify this relationship, maintaining a certain level of trust and giving the utility much autonomy.

Marshfield

- Marshfield has a 5-member Utility Commission; commissioners are appointed for 5 year terms. Two members of the City Council serve as liaisons at commission meetings. Commission minutes and the utility department reports are shared with the City.
- The Commission must go to the City Council on major projects over \$25,000 and on all financing.

V. Findings and Recommendations

Study findings and recommendations can be summarized with three words: **Leadership, Relationships** and **Strategy**. Sustained effort addressing these three overarching themes can successfully lead the two entities—collectively—towards a very positive future.

At first, the findings and recommendations may appear to be overwhelming, particularly given that the City and the Utilities are relatively small organizations. However, each finding and recommendation is linked and connected. Actions that address one recommendation may well contribute to the implementation of another recommendation. Study findings and recommendations are presented below, organized according to the themes of **Leadership, Relationships**, and **Strategy**.

Leadership

Leadership is the essential ingredient in building a positive culture, articulating a shared direction, developing cohesion within an organization and empowering members to accomplish the organization's goals in a coordinated and efficient manner. For policy-makers, leadership is exercised collectively through the adoption of strategies and policies that support the organization's vision and values. Within the organization, leadership must be cultivated as a core competency for managers with a continued focus on helping them set realistic goals and expectations that align with the organization's policy direction and to engage staff to understand what drives and motivates employees.

1. Focus on the Culture and Public Service

Recommendation 1: Develop and implement a structured and defined organizational change process that focuses on public service and promotes increased communication and engagement with employees. Putting the steam plant to rest and taking deliberate steps to foster a positive and respectful workplace are high priorities that need to be addressed immediately.

Public service is the fundamental purpose of each organization, and it is the common, unifying element for focusing on organizational change. Community pride evokes a compelling vision of exceptional public service and a focus on what's in the best interest of the community as a whole. It encompasses the major themes of this study—**Leadership, Relationships** and **Strategy**.

A commitment to public service drives continuous improvements. In today's environment, public sector organizations do not expect to see significant enhancements in revenue or staffing that can be dedicated to service improvements. Instead, workplace culture is the catalyst for service improvements and efficiencies. This occurs when the workplace culture emphasizes the important role each individual plays in the success of the organization, values everyone's collaboration and cooperation and encourages employees to be creative and innovative in their approach to public service. Elected officials can shape and influence the workplace culture by articulating and supporting these values in policy decisions and in recognizing public service accomplishments that reflect these values.

The culture of both organizations can be summarized from the data provided by employees who completed the on-line survey and participated in meetings with the consultant team. When identifying the strengths, opportunities and challenges that shape an organizational culture, it is not practical or possible to validate and substantiate the reliability of each point. Instead, we look for consistent patterns and themes. Although not everyone will agree with every point listed, for the most part, these strengths, opportunities and challenges indicate the nature of the workplace culture within the two organizations.

Employees identified seven characteristics that reflect positive attributes of the workplace and staff. Generally people like the work they do; are experienced and dependable, work hard and are committed and passionate about the jobs they perform. The business routine is well-established; individuals know their role and function. These seven strengths consistently stood out from our interviews and assessment:

- Passionate employees
- Dedicated and caring people
- Type and diversity of work
- Co-workers
- Experienced and skilled staff
- Small community “culture” where interpersonal relations are strong
- Good jobs

The trends experienced in the two organizations are consistent with patterns we see in other entities. Over the past few years, public sector organizations have generally experienced a reduction in employee turnover and retirements stemming from the economic downturn. Organizations have seen a rise in the experience, knowledge, and tenure of employees. On the whole, employees have recognized that the City and Utilities provide solid, reliable and dependable jobs. However, as the economy has strengthened, retirements are increasing, creating the potential for more movement in the labor market.

Each department and entity has its own specific opportunities and challenges, but in total, it is fair to conclude that many of these opportunities and challenges are shared between the two organizations. While the opportunities and challenges may manifest distinct characteristics in each organization, overall they transcend business lines and functions. Some employees are uneasy about the future and the direction the City and Utilities are going. Interestingly enough, although there are “issues” with the existing culture, there is also “fear” of possible change. Ten opportunities and challenges stood out from the interviews and assessment:

- Labor-management trust can be strengthened.
- An appearance of favoritism exists in staffing decisions and work assignments.
- Department operations are fragmented and often function as silos.
- Employees are skeptical of change.
- The work environment is stressful.
- There is a lack of a unified direction and cohesive leadership within each organization and between the two organizations.
- The small community “culture” (it is a challenge as well as a strength).
- The historical relationship between the City and the Utilities.
- The perception of inconsistent pay practices between the City and Utilities.
- Inconsistent standards of accountability for employees, which avoids addressing problems allowing them to “linger” and “fester.”

The workplace culture is driven by many factors and conditions. Clearly there are improvements that can be undertaken, but given the many dynamics underway and the pending changes that are forthcoming, it is prudent to keep these in mind when moving forward.

One of the critical factors that still impacts morale is the steam plant; it remains an emotional and contentious issue that must be put to rest. The City and Utilities must get beyond this event. The City

and Utilities need to engage in formal and symbolic discussions to move beyond the past and focus on the future. These survey comments summarized the feelings of many, “*There remains too much separation between City and Utilities*” and “*The steam plant is driving this study.*” Frankly, as study authors we know that there are many variables that are driving the study, but candidly, if the study provides a forum to get past the steam plant, then it is worth the investment.

To strengthen morale, the City and Utilities must make consistent and deliberate efforts to foster a positive and respectful work environment. Employees experience the organizational culture as bottom-line only. A “bottom line only organization” may be able to cut costs to meet financial goals, but this environment cannot be an end in itself. It is recommended that both the City and Utilities create processes to engage employees, enhance customer service, and foster changes in the work environment. Many report that sharing ideas and ways to improve operations is not welcomed.

Employee engagement is critical to effecting organization efficiencies and maximizing revenues. One interviewee noted, that “*Fairly small changes will go a long way and send the right message to everyone.*” Little things matter. Actions that support changes in the work environment must begin at the top of the organization and in the supervisory level positions.

2. Commit to Strategic Planning

Recommendation 2: Develop, update and implement a strategic planning process to help each organization develop a vision and direction for the future that includes a vision to increase the coordination and integration of functions between the City and the Utilities.

Committing to an on-going strategic planning process is a critical step for each organization that establishes long-term goals and gives clear direction to the respective staffs of both organizations. The process engages the governing bodies and provides a focus and framework for achieving results. Initiating an on-going strategic planning process will also lay the groundwork for building increased collaboration among the City Council and the Utilities Commission. Joint work sessions for sharing ideas and plans can lead to strategic plans with a united vision and a direction for both entities, capitalizing on the uniqueness and distinctions of each organization and providing the platform to share services when the best interests of the tax payers and the utility customers intersect as they often do.

While the City does not have a strategic plan, it does have many department plans, such as the comprehensive plan and a park master plan, which can be incorporated into an overall strategic plan. Future department plans should be consistent with the direction outlined in the strategic plan. To initiate a strategic planning process, it will be important to identify the benefits of strategic planning and develop an agenda that encourages the City Council’s involvement and commitment to the process.

Menasha Utilities initially completed a strategic management plan in October of 2011. Since then, the plan has been updated annually. The plan has basic information on goals, strategies and performance measures and provides a good foundation for continued work.

Collectively, a strategic planning process can create a vision to increase the coordination and organization of functions between the City and the Utilities. A vision and strategic plan will help individual departments work together to build cohesive working relationships which ultimately will result in more effective and efficient operations for the City and the Utilities. It is important for both the City and Utilities to have their own plan, but the existing and future partnership envisioned for the two entities will require that the plans be coordinated, shared and communicated with each other.

A strategic planning process is also a very good opportunity to discuss, define and agree upon roles. The roles of local government officials are typically defined by whether officials are elected or appointed. Elected officials fulfill a policy and governance role and establish the organization's vision whereas appointed officials play an administrative and advisory role, ensuring that policy makers have the information they need to make decisions and that adopted policies are carried out. Elected officials are integral to establishing the City's future direction and short - and long-range goals and objectives while appointed officials are charged with day-to-day operations. Both roles are essential to the delivery of services and must therefore be highly interactive and respectful.

3. Build the Team

Recommendation 3: Establish clear and common leadership expectations for managers and supervisors and provide performance feedback on an on-going basis.

Developing a strong team starts with a focus on the roles, skills and competencies of supervisors. Studies show that employee feelings about their work are largely driven by their relationship with the immediate supervisor. The distinction between supervisors is at the core of the concept of developing the team. There is a need to define and identify the common expectations for managers and supervisors. By doing this the City and Utilities can improve equity in the administration of policies, ensure the fair treatment of employees, and hold staff accountable for upholding organizational values such as openness, respect, employee engagement and continuous improvement.

In addition, public sector organizations that identify and commit to established roles for the elected aldermen (or appointed policy makers such as the Utilities Commission) and staff have proven to be more successful. The roles of elected officials and staff are distinctive; expectations for each vary based on many factors including fulfilling the statutory responsibilities, adopting policy and actually performing the work to carry out policy directives. One of the greatest reasons why public sector agencies focus on roles is to avoid conflict, confusion and contradiction of purpose. It is highly advisable to discuss expectations and define the roles of elected officials and staff. Developing a consensus on the expectations of elected officials and staff creates efficiencies as each operates with a clear understanding of roles and responsibilities.

Although the roles of city councils vary with any given community, there is a standard set of principles and guidelines to consider. A common base to start a conversation about the role of elected officials includes these nine ideas.

- Provide consistency in policy direction
- Focus on strategies, goals and big picture priorities
- Keep staff informed and educated on your opinions (no hidden agendas)
- Create or maintain a respectful decorum and operating culture
- Remember this is important work, but levity and humor are encouraged
- Stay connected to the community and citizens
- Support and advocate a culture that allows for prudent risk taking
- Don't be afraid to question staff when you don't understand
- Offer personal expressions of thanks and appreciation

On the other hand the roles of staff vary as well. A common base to start a conversation about staff roles includes these seven ideas.

- Be honest and straightforward in your communication
- Live by the “no surprise” rule
- Respect the role of the elected officials in the decision-making process
- Keep current on your professional development and skill sets
- Take personal initiative to effect positive change
- Understand the public nature of the business you are in
- Be fair, impartial and as objective as possible

The workplace has strong technical competency but needs expanded leadership competencies. Comments and feedback ranged from “*no management to micro-management.*” Suggested actions to define expectations for managers and supervisors include:

The Mayor and the incoming General Manager will be in key positions to develop leadership teams, supported by the respective management teams. Effective leadership teams can be created in each organization as well as between each entity to address individual and joint organizational issues. Core competencies should be established to guide the hiring process and focus on leadership capabilities including the capacity for trust, respect, openness, honesty and continuous learning. Expectations and accountabilities for managers and supervisors must be defined and upheld. Coaching and regular feedback will help managers and supervisors develop and grow in their management capabilities. A mentorship program should be created to develop future leaders.

Relationships

The relationship between the City and the Utilities is in need of clear and sustained change. Past experiences, long-held opinions and personal relationships still permeate the underlying foundation of these organizations today. These are unavoidable, but they don’t have to be accepted as the standard, especially going forward in the future. The City and the Utilities are two distinct entities with clear authorities, purposes and responsibilities. However, the relationship must be one of respect, collegiality, mutual benefit and partnerships. Our experience suggests that the ratepayers and the taxpayers would want and expect nothing less.

4. Strengthen the City – Utilities Partnership

Recommendation 4: Build a positive and cooperative partnership between the City and the Utilities based on increased communication, consultation and shared problem-solving.

Coordination, collaboration and cooperation, not consolidation, should be the focus of the City-Utilities partnership. These broad organizational themes were predominant in our interviews and data analysis. One respondent in our survey noted, “*There is a lack of communication and cooperation between some departments. Some of it is intentional... [and] even comes from management. You can be a lot more efficient if everyone works together.*”

Partnerships are built through a succession of small steps that establish trust. Opportunities to partner can readily be found in areas where both organizations recognize positive results by working together. Partnership initiatives often occur in core areas, such as support services, human resources, budgeting, collections, accounting and maintenance. Creating cross-functional interdisciplinary work teams is an

effective way to address the details of sharing services and build ownership and commitment to making a shared service arrangement successful. Other activities that support partnership include periodically holding joint City Council–Utility Commission work sessions and regular joint meetings of department heads.

Action steps to strengthen the City–Utilities partnership appear below.

- **Partnership begins at the top** levels of each entity. Strengthening the relationship begins with aldermen and commissioners. Within each agency, this work must be led by the Mayor and the General Manager as the “CEOs” of their respective organizations. Once the vision is determined and the leaders set the example, change will occur.
- **Cultivate a customer service focus** that is extended to internal customers, including City and Utilities staff. Recognize the importance of providing *service* to each other as well as the citizens and ratepayers.
- **Increase two-way communication** and provide greater opportunity for employee engagement by creating work groups, and opportunities for staff to work together more formally and informally.
- **Establish inter-organization committees** to work on joint projects and to identify areas where it is in the best interests of both organizations to share services. Coordination and cooperation must demonstrate mutual benefit. Without question there are opportunities to increase efficiency that will have a positive impact on both City taxpayers and Utilities ratepayers.
- **Explore a shared human resources manager position** between the City and the Utilities.
- **Explore a shared services model in technology, automation and online services.** The City and Utilities share the same telephone system today, yet e-mail systems are separate. Testimony indicated that the databases do not talk to each other electronically and both the Utilities and the City have staff capable of doing either CAD or GIS work, but to our knowledge these are not integrated. Increase coordination of the GIS functions and services and consider combining these services in the future.

One final consideration on strengthening the relationship between the City and the Utilities involves the Wisconsin Public Service Commission (PSC). Because the PSC regulates utility rates, some actions by the Utilities do ultimately require PSC approval. Strengthening the partnership will include a strategic approach to keeping the PSC informed about the Utilities’ identification and review of areas where cooperation or integration of services with the City could be beneficial. From discussion with other utilities, it appears that the PSC has increased its scrutiny of regulated operations since resolving the steam plant issue. While this may create an additional level of review, it need not be an obstacle to improving processes that are in the best economical interest of Menasha taxpayers and ratepayers. At the same time, it must be recognized that the Utilities is City-owned; PSC oversight does not alter the overall community interest.

Strategy

Strategies are a series of action steps to implementing organizational goals and realizing the vision for the future. To be effective, strategies must align with the direction and policy adopted by the governing body. Strategies demonstrate an organization’s capacity to capitalize on opportunities and to solve problems often using ingenuity and out of the box thinking to continuously improve operations. They are frequently grounded in cooperation and cooperation. For the City and the Utilities, the source of this cooperation can be found in the commitment to public service and making good policy and business decisions. The recommended strategies listed below include both short-and long-term actions.

5. Fill Mission Critical Vacancies

Recommendation 5: Fill mission-critical positions utilizing a process that first analyzes the position requirements and clearly establishes the desired skill sets and competencies.

Vacancies create an opportunity to move towards increased coordination and to capture needed skill sets and competencies. This study identifies two existing mission-critical vacancies, the Utilities General Manager and the City's Finance Director, and recommends the creation of a Human Resources Manager, which we consider to be a third mission-critical position.

The vacancies in the Utilities' General Manager position and the City's Finance Director position create strategic opportunities for both organizations to develop new position descriptions based on an analysis of organizational needs and leadership core competencies. Both positions will function as organizational leaders making it critical that the individuals hired are committed to continuous improvement and promoting a collaborative working relationship between the City and the Utilities.

General Manager

In the Utilities, there is broad consensus that the General Manager function must be performed by one person. Initially splitting responsibilities among two co-managers helped the Utilities navigate transactions related to the steam plant. Now as the Utilities looks to the future, the General Manager function must be redefined to focus on helping the entity articulate and implement a long-term vision, continuously improve operations and efficiencies and provide fiscally sound leadership. Candidates for the General Manager position must have experience in business management and utility operations and a high level of commitment to working cooperatively with the City to identify shared service arrangements of mutual interest to both entities.

Administrative Services Director

- The recent retirement of the City's long-tenured Finance Director gives the City an opportunity to take a fresh look at its current and future financial needs and the management capabilities and skills sets required to address those needs. The City should give serious consideration to redefining this position and expanding its role from Finance Director to Administrative Services Director to create a higher level of integration between financial and administrative services. The concept of an Administrative Services Department is to co-locate functions including human resources and information technology within a single department, recognizing that these functions operate with a high degree of interaction and cooperation in any organizational structure. Skill sets and competencies for an Administrative Services Director position would include financial and analytical skills, organizational and operational analysis, strategic planning, knowledge of information technology and human resources, the ability to collaborate and the ability to define and implement new business processes to maximize City resources. It is critical that candidates for this position have a high level of commitment to working cooperatively with the Utilities to identify shared service arrangements of mutual interest to both agencies.

There is also a strong need for creating the position of Human Resources Manager; this position can play a key role in addressing the workplace culture, assisting with the implementation of the organizational changes and developing a succession plan. The research on other utilities shows different models of cooperation in providing human resources from striving to create comparable personnel policies between municipal and utility organizations to sharing a position. A review of the individual needs of both agencies and their shared needs should be conducted to evaluate this recommendation.

6. Develop a Model Organizational Structure

Recommendation 6: Develop a model organizational structure to guide change, support integration and increase coordination within and between both organizations.

The design and structure of an organization should align with its mission and strategic goals. The Utilities has developed a strategic plan and updated it annually. Although the City does not have a strategic plan, the benefits that come from having a shared direction and goals were discussed by many.

In recent years, the organizational structure for both the City and the Utilities has changed. Attrition occurred in response to the financial issues caused by the default on bonds issued for the steam plant and the economic downturn. While attrition is an appropriate short-term response, it should be followed by a more deliberate, focused and long-range approach that considers how the organization structure can be aligned with its strategic goals and how it can encourage collaboration and cooperation.

Reconsidering the organizational structure begins with an identification of areas where more strategic planning and analysis are required, including the expectations from the City Council and the Utilities Commission. For example, there is a high demand for a more policy-based and strategic foundation in finance, human resources and information technology. Having this foundation will help the City and the Utilities determine if existing organizational and department structures are effective and producing results. Many organizations are achieving greater effectiveness and efficiency by eliminating silos, flattening the organizational structure and pushing down responsibility to the lowest accountable level.

Structural problems often indicate the need for restructuring. Examples of structural problems include:

- **Communications systems** are inadequate to ensure interdepartmental or interagency coordination and collaboration of work.
- Lack of **functional integration** or coordination between departments and functions that should work together.
- Lack of **vertical integration** when a service that is supposed to be seamless and coordinated for clients is fragmented and confusing.
- **Horizontal operations** that are supposed to be shared and standard across departments are not (human resources, finance, technology).
- The **span of control** is too narrow or too wide.
- **Work flow** is inefficient between departments or agencies and needs to be coordinated and streamlined.
- The work of a department is highly specialized and should therefore be distinct or the work is generalized and should be shared (**specialization vs. generalization**).
- **Information systems** are not shared across functions and departments.

Our organizational research shows that some of these structural problems are present at the City and the Utilities. Examples of communications systems, functional and vertical integration, span of control and specialization versus generalization issues are among the observations reported by employees and noted by the consultant team. Suggested changes emerging from our research can provide a starting point for developing a model organizational structure.

City Suggested Organizational Changes

The consultant team was asked to assess specific municipal functions including finance, information systems, human resources, public works and parks maintenance. The suggested actions presented below offer ideas within those functional areas that should receive review and consideration from the City.

- **Evaluate the opportunity to create an Administrative Services Department.** An Administrative Services Department would provide integration for the finance, human resources and information technology functions and create synergy for process improvements in the City, some of which could perhaps be extended to the Utilities. The vacancy in the Finance Director position offers an opportunity to think more broadly about the City's options for integrating financial and administrative services. A strong business background and experience establishing a collaborative environment and continuous process improvements will be critical.
- **Restructure the human resources function.** Identify core elements of a human resources program that need attention and centralize human resource functions to reduce potential liabilities related to hiring and other human resource issues and to ensure a consistent approach to human resource issues throughout the organization. Consider the opportunity to create a shared position with the Utilities.
- **Develop an IT strategic plan.** An IT strategic plan will provide direction and a long-term strategy to meet the City's information technology needs. The IT plan should include staffing, systems, software, security, and governance considerations; it could be developed through a partnership between the City and Utilities to analyze future needs and requirements.

Consider combining parks maintenance and street maintenance. Combining these functions would encourage cross-training and increased flexibility in assigning personnel to City projects. If the decision is made to merge these functions, it will be important for management to recognize the different dynamics that exist among public works and park and recreation priorities and to clearly outline how priorities will be addressed. There are different department models for structuring these functions. We note Appleton's department structure which combines building maintenance and grounds; this structure could have applicability to Menasha. While Parks and Recreation is not typically housed within Public Works, we have seen that structure used in the City of Beloit.

Utilities Suggested Organizational Changes

- **Create a single General Manager position.** Candidates for this position should possess a strong background in business and experience in utility operations and demonstrate success in leading effective organizational change, establishing a collaborative environment and implementing continuous process improvements.
- **Create a flatter organizational structure.** Flatter organizational structures promote cross-training and provide greater flexibility in work assignments. A flatter organizational design makes it possible to reduce the number of supervisors. Ideally, a supervisor-employee ratio should be least five employees to one supervisor.
- **Analyze and restructure positions.** The essential functions of some Utilities job classes create a narrow division of labor. Job classes with a broader range of essential functions support increased cross-training, make positions more interesting and prepare employees for promotional opportunities.
- **Create a Water Department.** Water distribution and the water treatment plant can be combined into a Water Department. Having one department will promote work rotations and cross-training.

- **Broaden the scope of Business Services.** Historically, Business Services has been equated with customer service, billings and accounting. The goal of achieving efficiency, in part through increased coordination with the City, changes the role of this department to continuously improving the business practices that support the production and distribution of utility services. Many of the business services that support Utilities operations are also provided by the City allowing for an on-going and systematic analysis of opportunities to improve efficiency and effectiveness.
- **Consider options for a new organizational structure.** Two options are provided in Appendix III. Option 1 shows a structure organized along business lines. Option 2 shows a functional organizational structure. The incoming General Manager should have input into changes in the organizational structure and in determining how a new structure is implemented.

Organizational Practices to Increase City and Utilities Coordination

- **Establish a regular schedule for City-Utilities meetings.** Regular City-Utilities meetings should be held at the policy level; these meetings can include the Mayor and General Manager and/or the City Council and Utilities Commission. Holding joint staff meetings is also recommended.
- **Establish a vision for shared services.** The governing bodies of both organizations as well as the Mayor and General Managers must champion increased coordination. The research collected from comparable municipal utilities identifies finance, human resources and IT as areas where the potential for increased coordination is greatest.
- **Establish an interagency committee to evaluate shared services.** This committee, comprised of City and Utilities staff, will be responsible for evaluating shared services opportunities that will be mutually beneficial to the City and the Utilities. Consistent with the vision for shared services, the committee will look for ways to solve problems and create success. These service arrangements should be documented in a shared services agreement that is evaluated and updated annually by the organizations.
- **Coordinate infrastructure activities.** The public owns the infrastructure, whether it is an asset of the City or the Utilities making the coordination of infrastructure activities a win-win for taxpayers and ratepayers alike. Coordination should focus on the joint development of capital improvement priorities, determining a process that ensures a cost-effective approach for designing projects and maintaining infrastructure. In addition, a consistent policy should be established for addressing the repair of streets disturbed by water main breaks.
- **Study combining water distribution with sanitary sewer and storm water.** In our discussions with area cities and municipal utilities, we found several examples of combined water and sewer operations. Where these services were co-located, they emphasized maintenance of the lines. The water treatment plant was a variable as some utilities did not operate a treatment facility or had an automated water treatment plant. The opportunity for cross-training of water and wastewater maintenance may be impacted by state licensing requirements.

7. Develop a Formal Succession Plan

Recommendation 7: Develop and/or update a succession plan that identifies mission-critical positions, the desired level of employee cross-training and options for providing mission-critical services when absences or vacancies occur in these positions.

Developing a succession plan helps an organization prepare for temporary and long-term vacancies in mission-critical positions and cultivate the needed skills. Succession planning is a management tool. It focuses not only on planning for retirements and absences in mission-critical personnel but also on developing a competitive compensation and benefits program to attract and retain personnel. Succession plans frequently include opportunities to cross-train employees, cultivate management and leadership skills and develop strategies for employee retention.

The City and Utilities are faced with critical decisions in the next few years that will require an understanding of the organizational skill sets and core competencies required for the future as well as the forces that will shape the composition of the workforce. Menasha Utilities has a workforce planning document to guide its actions. The City has adopted a goal to develop a succession plan in 2013. The process for developing or updating a succession plan and implementing succession strategies is outlined below.

- A succession plan strategy should focus on attracting and retaining qualified people and planning for the anticipated as well as unanticipated departure of experienced personnel. Both are equally important and need to be components of a succession plan.
- A succession plan should also identify the key core competencies desired at each level of the organization and mission-critical positions. Our analysis suggests that a change in core competencies must occur, especially at the supervisory and managerial levels.
- Each entity can engage its governing body and managers in discussions about succession planning including the identification of mission-critical positions, the level of employee cross-training desired and options for providing mission-critical services within the organization or through other shared service arrangements or contracts for services.
- Implementation of the plan can occur based on specific needs and areas as opposed to on an organizational basis.
- It is helpful to prepare a professional development plan template for employees and supervisors to use. The template is helpful in meeting with each staff member and identifying their personal goals and professional development needs.
- All development plans can be summarized to create a snapshot of the department and the organization as a whole, enabling the organization to identify gaps and needs for positions and valuable skill sets.
- A professional and technical development training program can be created to assist in implementation of the succession plan. Training programs are also effective in supporting the development of a new organizational culture.

This succession planning process can be expanded and enlarged in time. Some action is needed now as retirements are looming. It is imperative to keep in mind three universal elements of employee engagement: employees perform valuable work; they are appreciated for their input and ideas; and they receive timely feedback on their performance. As succession planning moves forward, it will be important to keep these three elements in mind as a means to accomplish plan objectives.

APPENDIX I
Employee Survey

Menasha Succession and Efficiency Study

***1. Which area do you work in?**

- City departments
- Utility departments

***2. How long have you worked for Menasha?**

- Under 5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 21-25 years
- 26-30 years
- Over 30 years

***3. My position is:**

- Elected official or appointed board member
- Supervisory
- Non-supervisory

***4. Do you feel that this study will prove beneficial to the work environment here?**

- Yes, and I'm excited to participate
- Yes, but I'm nervous about my job
- Unknown, but I have an open mind to the process
- Unknown, and I don't really want to participate
- No, it is a waste of time, nothing will happen
- No, it will make things worse
- Other (please specify)

Menasha Succession and Efficiency Study

***5. The city and utility are undertaking an organizational review with the stated purpose to identify ideas and thoughts about improving the efficiency and effectiveness of the work that we do for the residents of Menasha, as well as planning for retirements and the impact that they may have on the workforce and services to the community.**

Please rate your internal priorities.

<input type="text"/>	Training
<input type="text"/>	Cooperation between departments
<input type="text"/>	Efficiencies
<input type="text"/>	Staffing levels
<input type="text"/>	Communication with employees

***6. Please rate your external priorities.**

<input type="text"/>	Customer service
<input type="text"/>	City image
<input type="text"/>	Cost effectiveness
<input type="text"/>	Communication with residents & businesses
<input type="text"/>	Service levels

***7. The level of partnership, coordination, cooperation, communication, efficiency, and interaction internally between your department and other departments is:**

- Very good
 Good
 Fair
 Poor

Provide an example(s) of where you would increase the partnership, coordination, cooperation, communication, efficiency, or interaction between departments to make the workplace operate more efficiently or provide better customer service.

<div style="background-color: #e0e0e0; height: 70px; width: 100%;"></div>

Menasha Succession and Efficiency Study

***8. The level of partnership, coordination, cooperation, communication, efficiency, and interaction between the city and the utility is:**

- Very good
 Good
 Fair
 Poor

Provide an example(s) of where you would increase the partnership, coordination, cooperation, communication, efficiency, or interaction between the city and the utility to make the workplace operate more efficiently or provide better customer service.

***9. What do you believe are the barriers to improved cooperation and partnerships between departments as well as between the city and the utility?**

***10. Do you believe there is duplication of services, functions, or processes between the city and the utility or within departments?**

- Yes
 No

If yes, please specify.

Menasha Succession and Efficiency Study

*11. What is your general satisfaction with your position in the following areas?

	Positive	Negative
Type of work	<input type="radio"/>	<input type="radio"/>
People you work with	<input type="radio"/>	<input type="radio"/>
Tools provided to do your job	<input type="radio"/>	<input type="radio"/>
Training	<input type="radio"/>	<input type="radio"/>
Management	<input type="radio"/>	<input type="radio"/>
Salary and benefits	<input type="radio"/>	<input type="radio"/>

Other (please specify)

12. Do you believe that there are tasks that are not being completed due to insufficient staffing or lack of resources?

- Yes
 No

If yes, please identify in which areas.

*13. List the top two strengths of the city.

-
-

*14. List the top two strengths of the utility.

-
-

*15. List the top two things that could be improved at the city.

-
-

*16. List the top two things that could be improved at the utility.

-
-

Menasha Succession and Efficiency Study

***8. The level of partnership, coordination, cooperation, communication, efficiency, and interaction between the city and the utility is:**

- Very good
- Good
- Fair
- Poor

Provide an example(s) of where you would increase the partnership, coordination, cooperation, communication, efficiency, or interaction between the city and the utility to make the workplace operate more efficiently or provide better customer service.

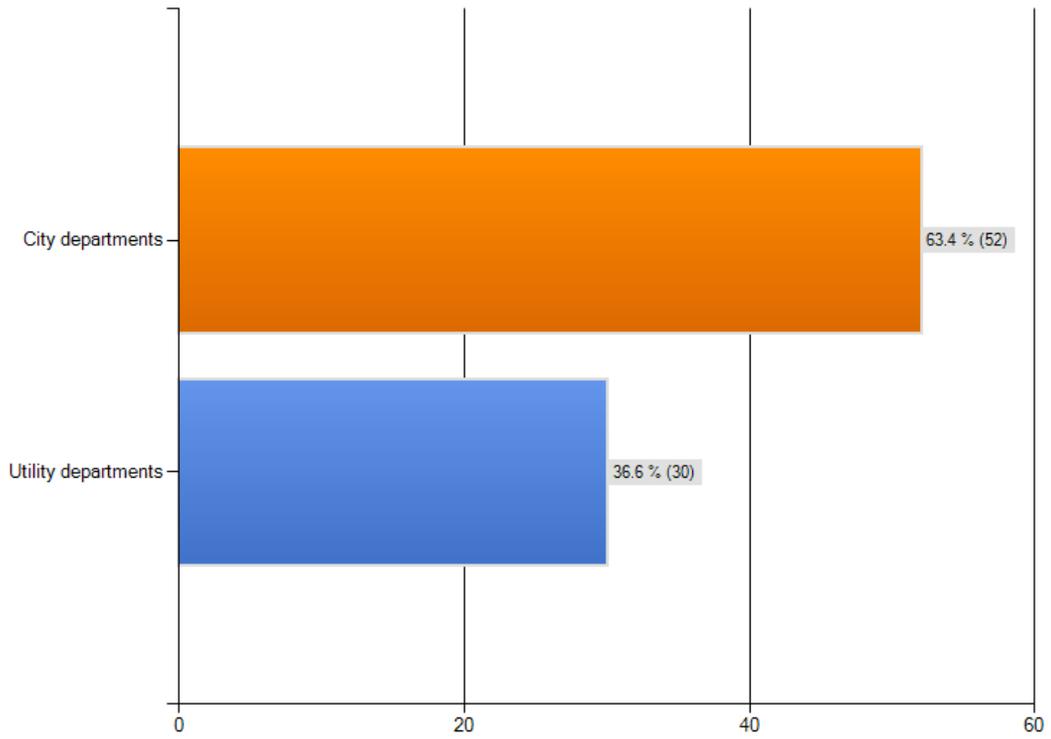
***9. What do you believe are the barriers to improved cooperation and partnerships between departments as well as between the city and the utility?**

***10. Do you believe there is duplication of services, functions, or processes between the city and the utility or within departments?**

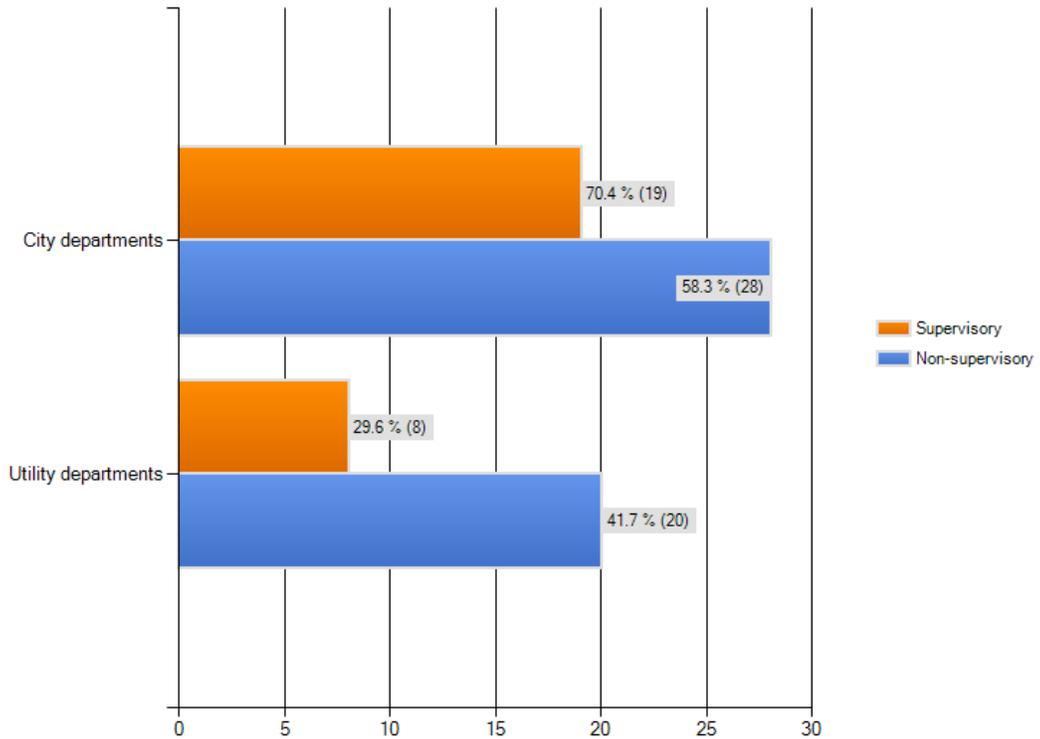
- Yes
- No

If yes, please specify.

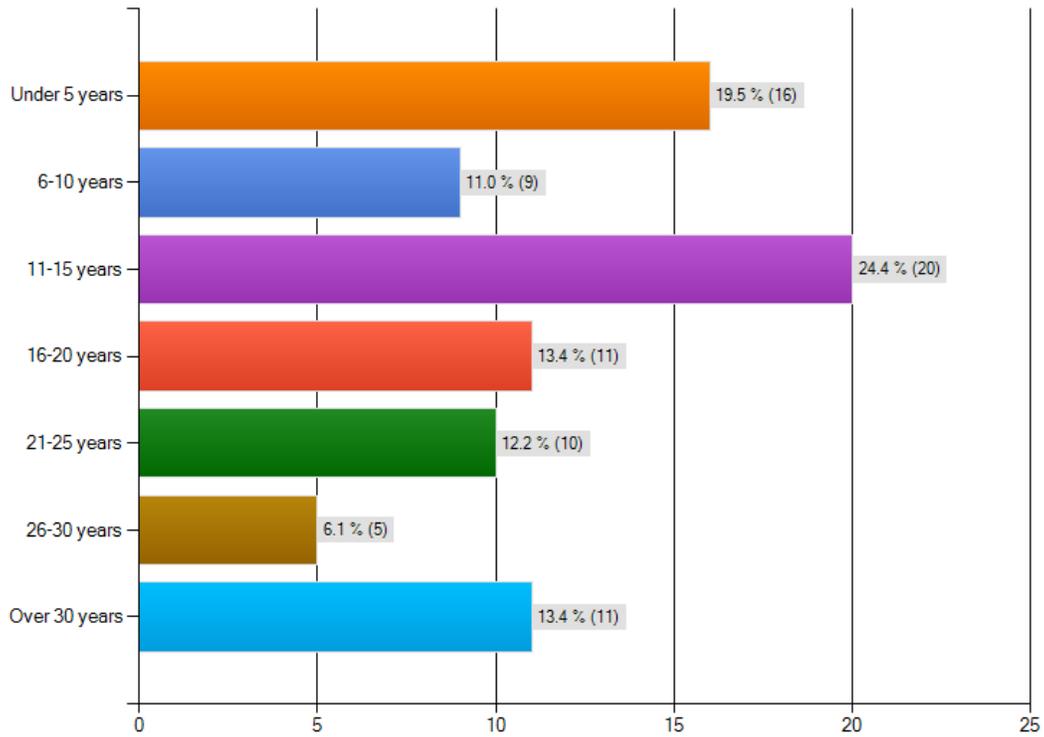
Which area do you work in?



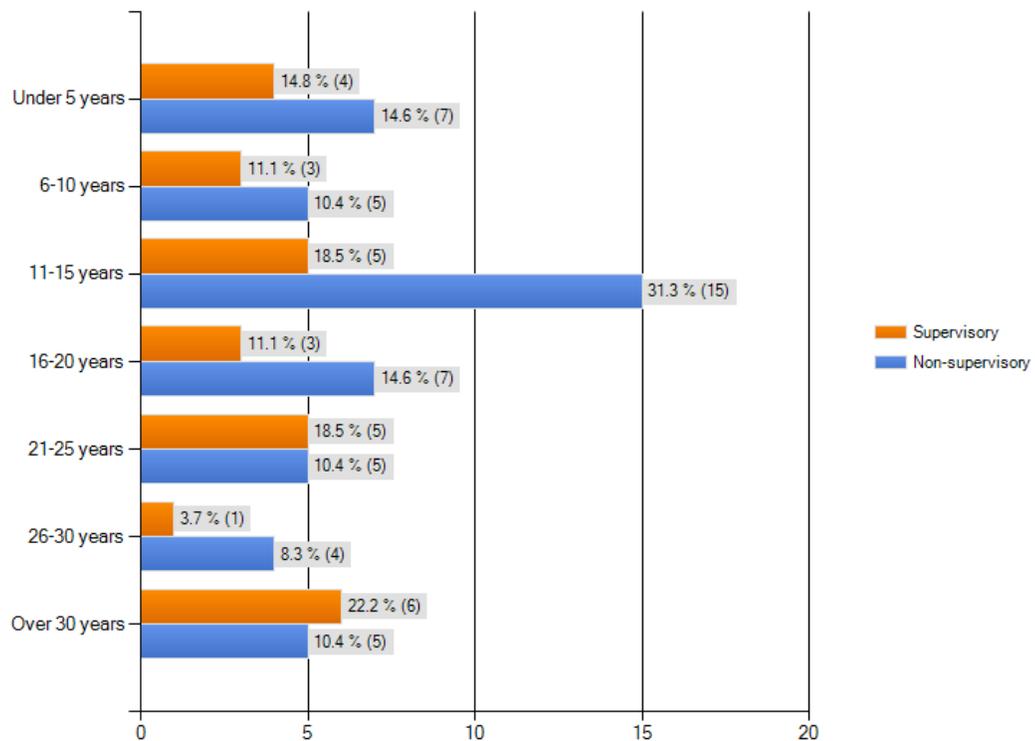
Which area do you work in?



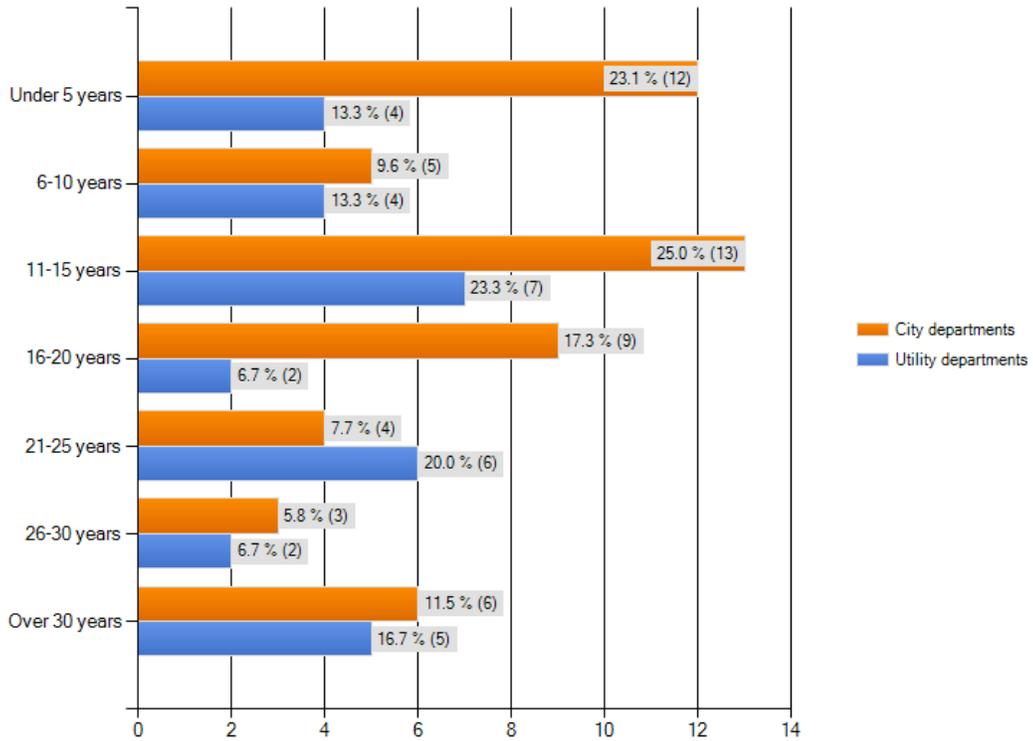
How long have you worked for Menasha?



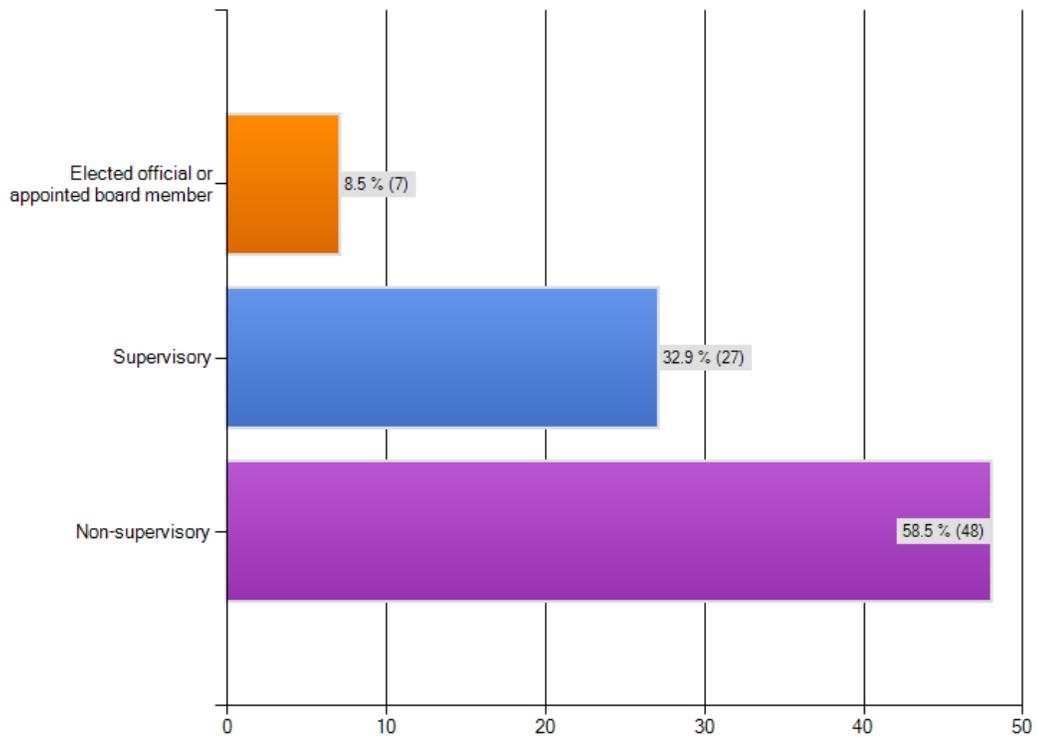
How long have you worked for Menasha?



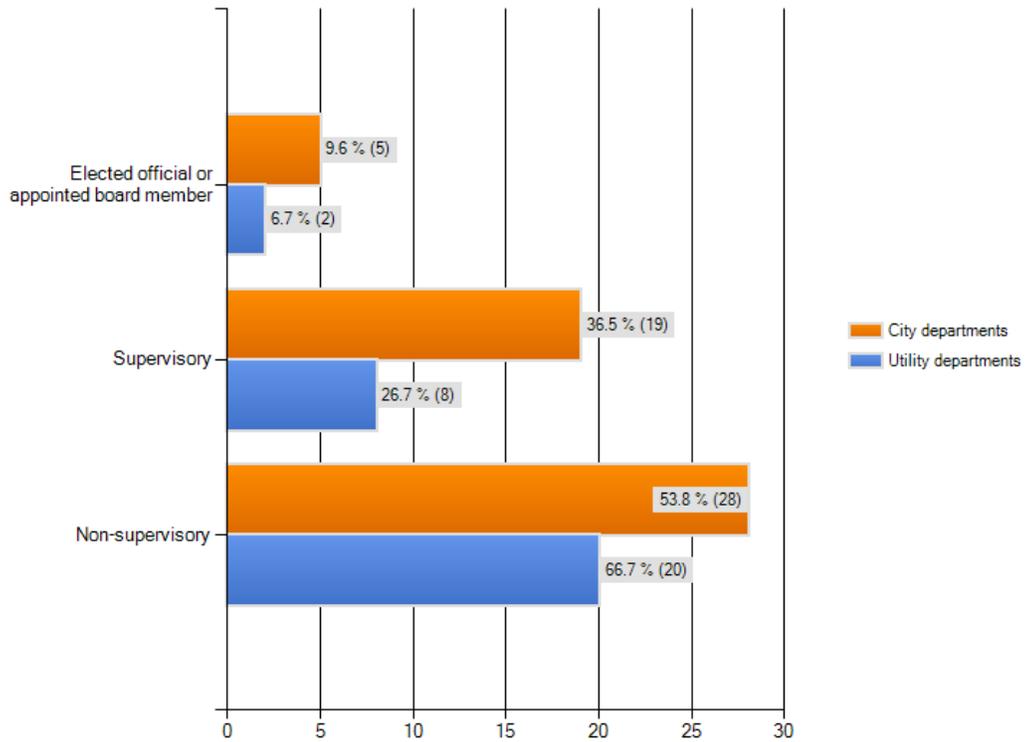
How long have you worked for Menasha?



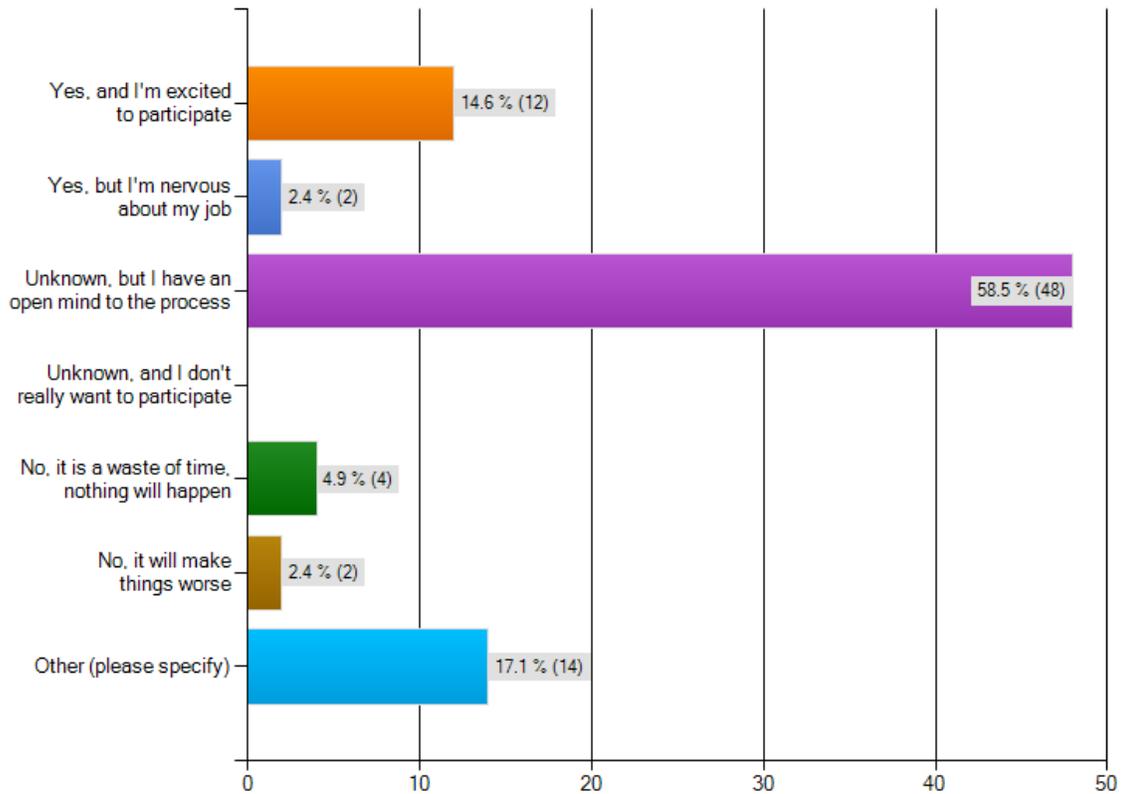
My position is:



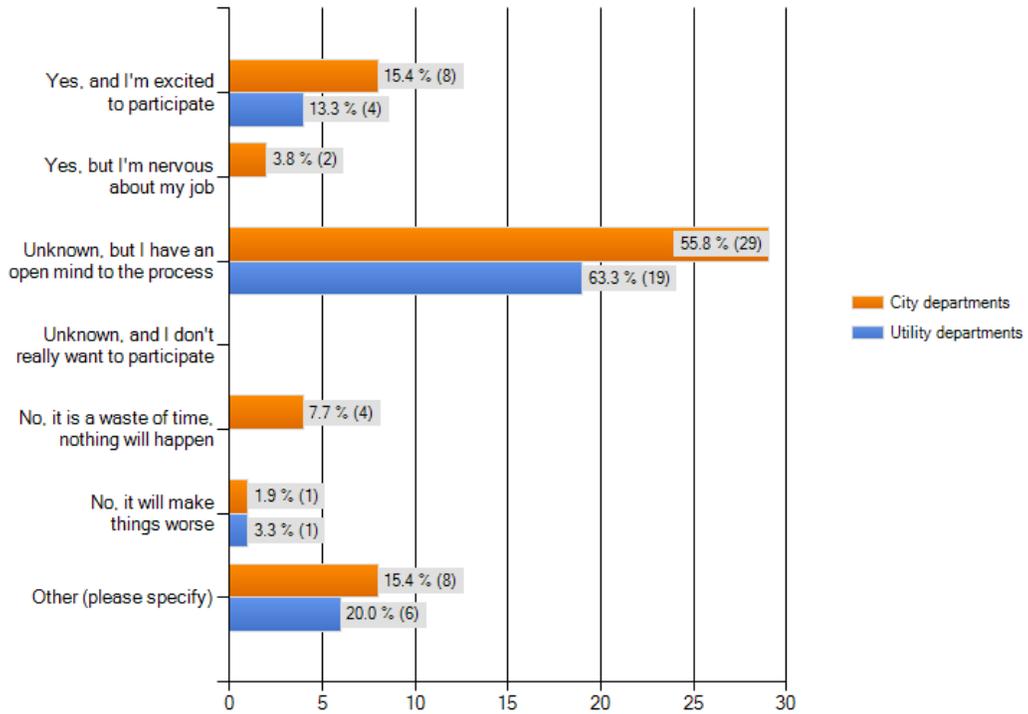
My position is:



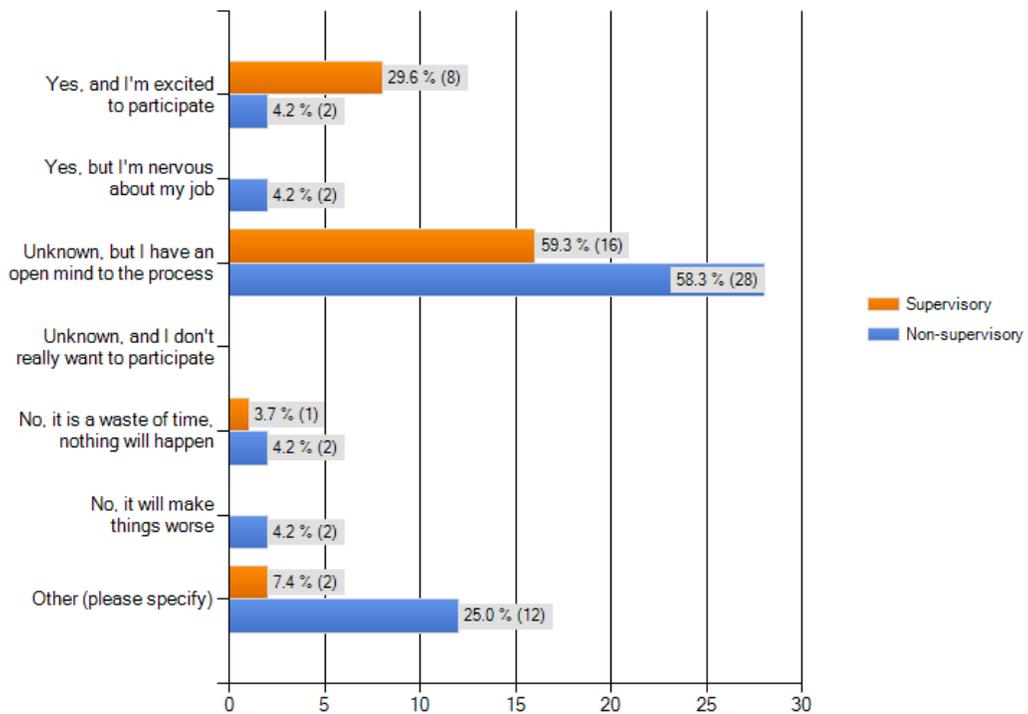
Do you feel that this study will prove beneficial to the work environment here?



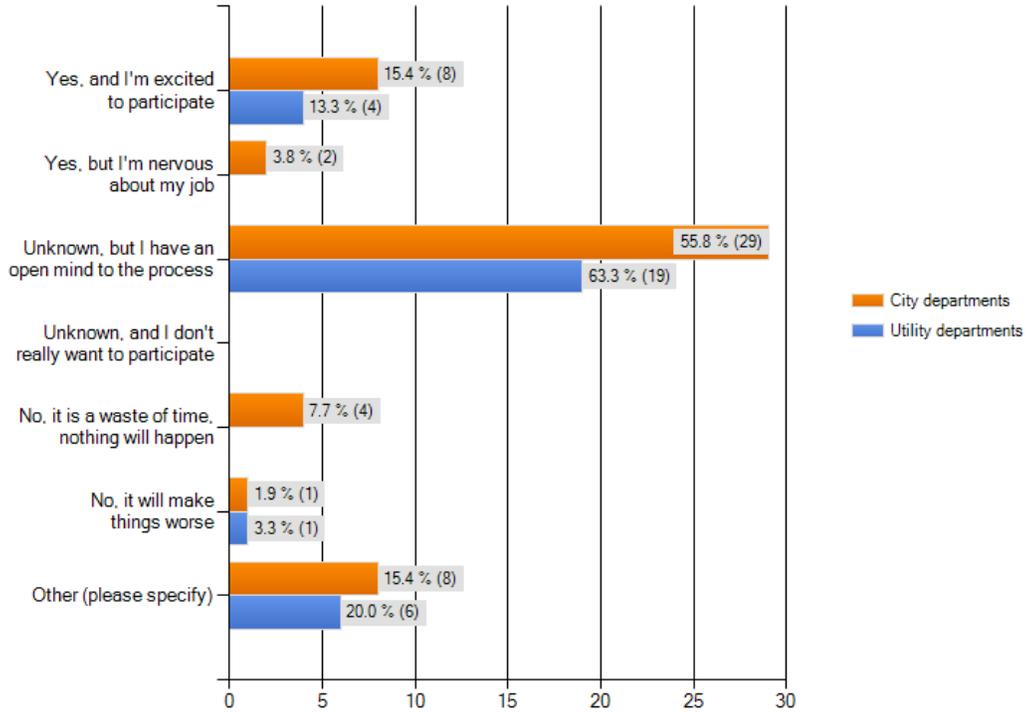
Do you feel that this study will prove beneficial to the work environment here?



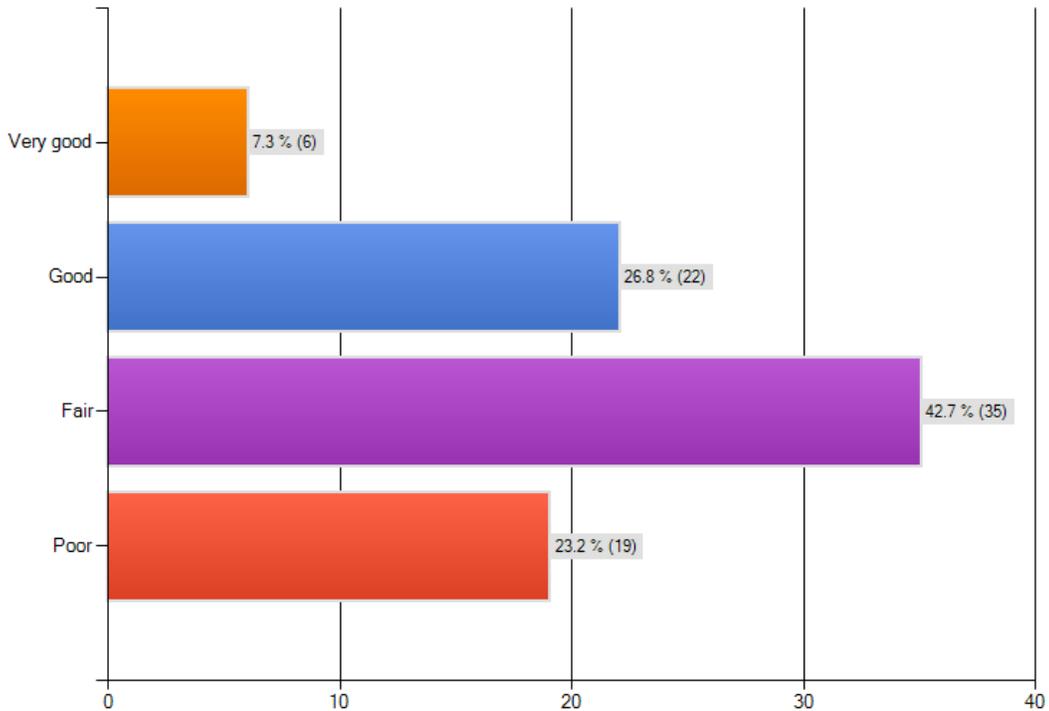
Do you feel that this study will prove beneficial to the work environment here?



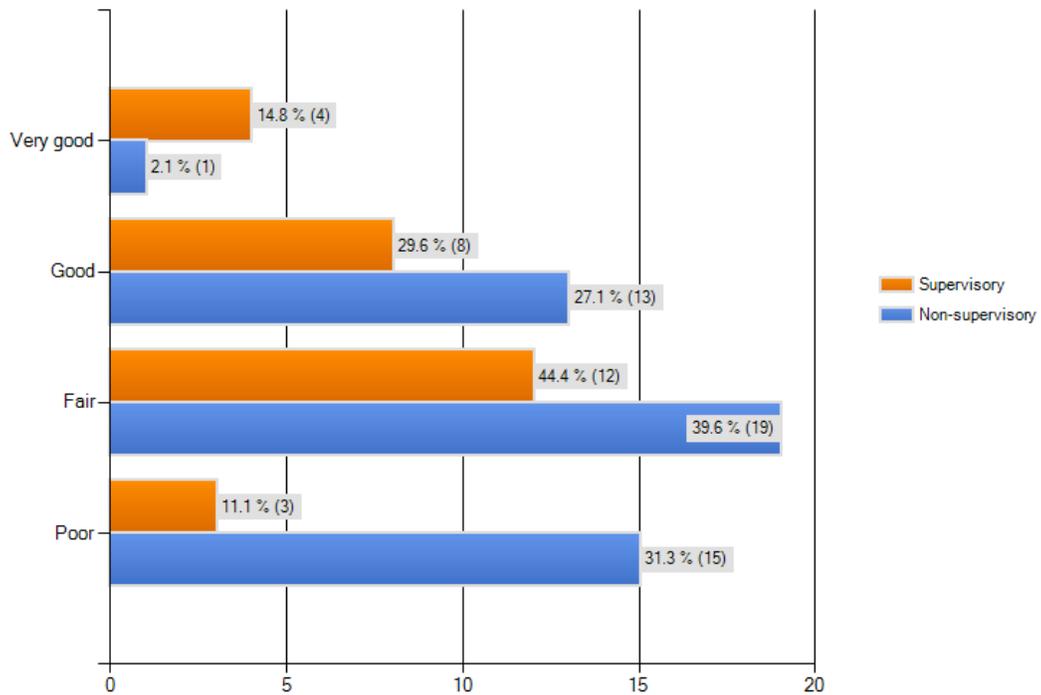
Do you feel that this study will prove beneficial to the work environment here?



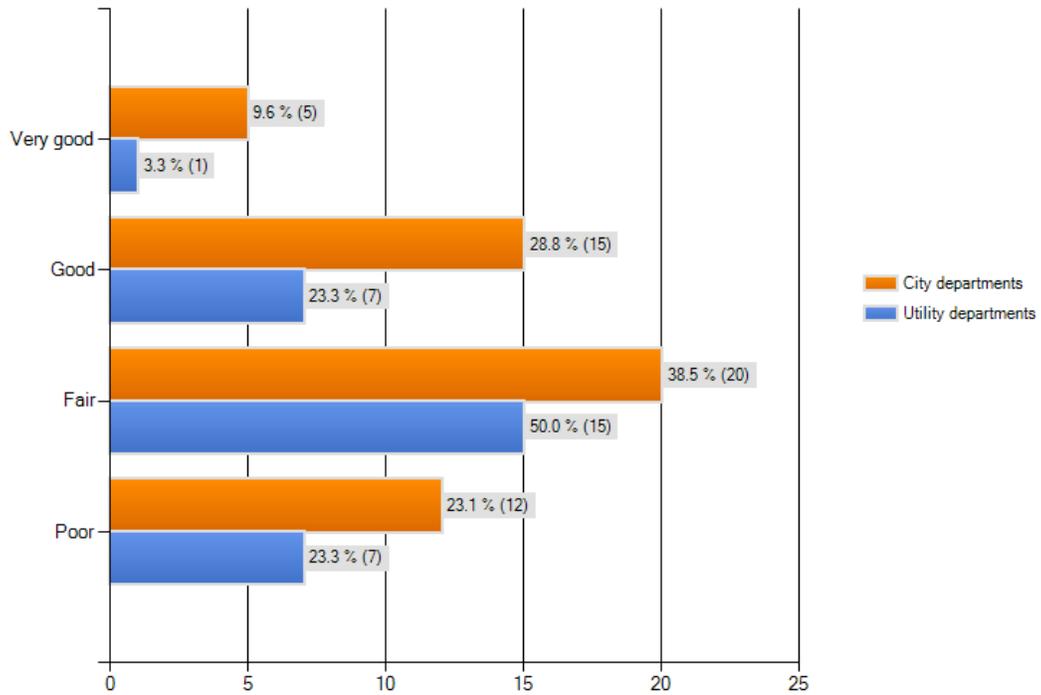
The level of partnership, coordination, cooperation, communication, efficiency, and interaction internally between your department and other departments is:



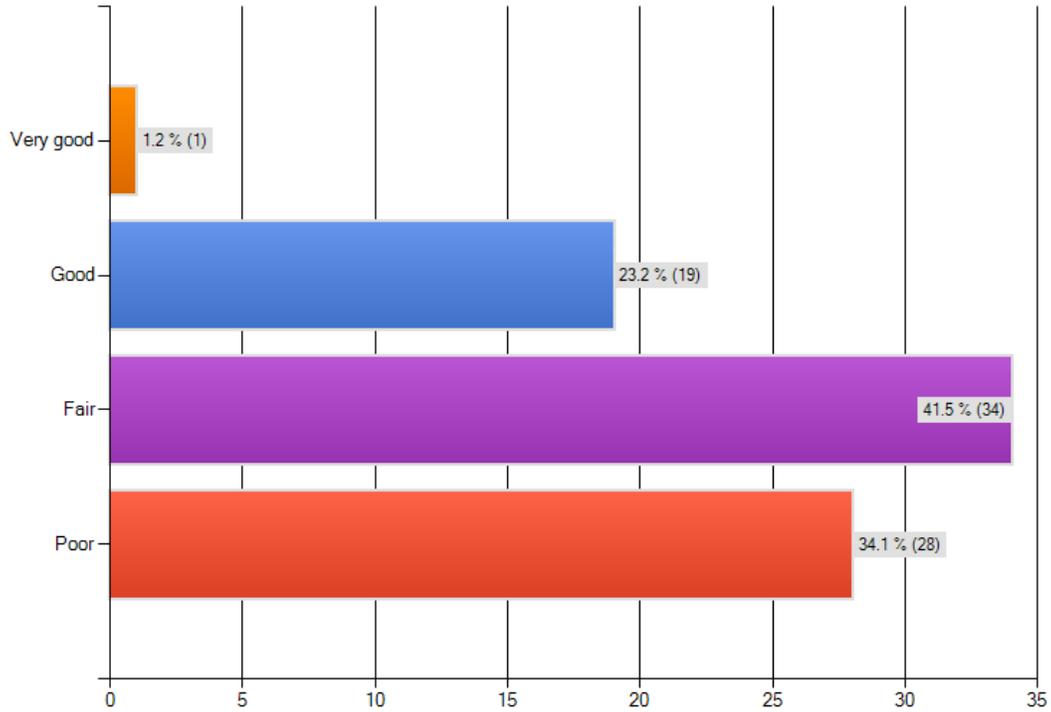
The level of partnership, coordination, cooperation, communication, efficiency, and interaction internally between your department and other departments is:



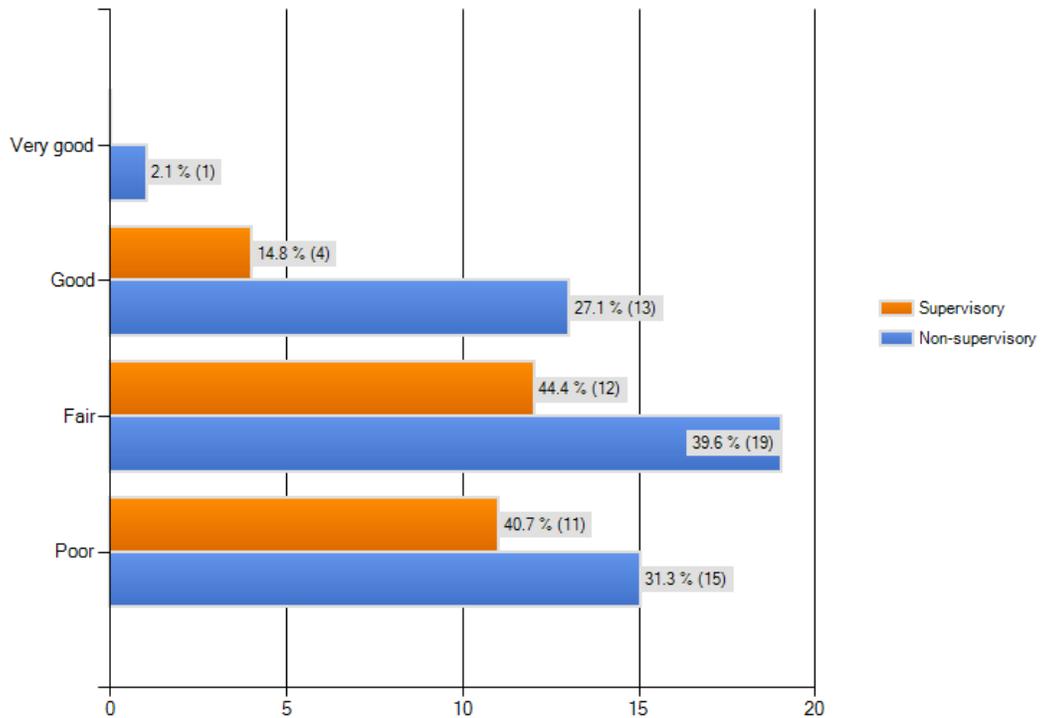
The level of partnership, coordination, cooperation, communication, efficiency, and interaction internally between your department and other departments is:



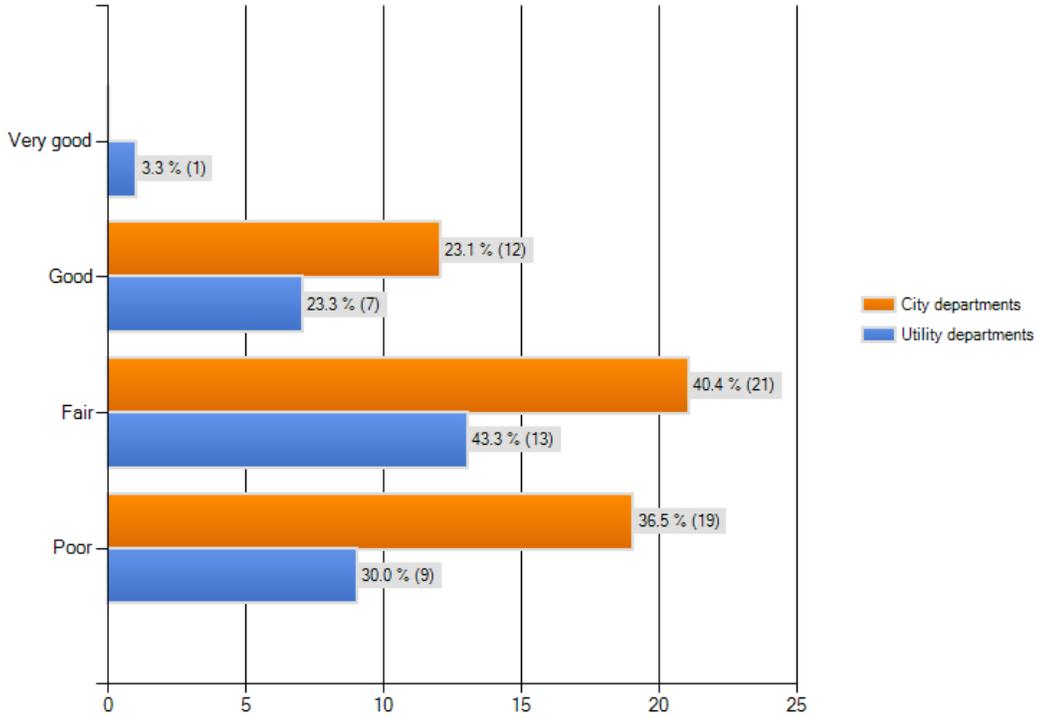
The level of partnership, coordination, cooperation, communication, efficiency, and interaction between the city and the utility is:



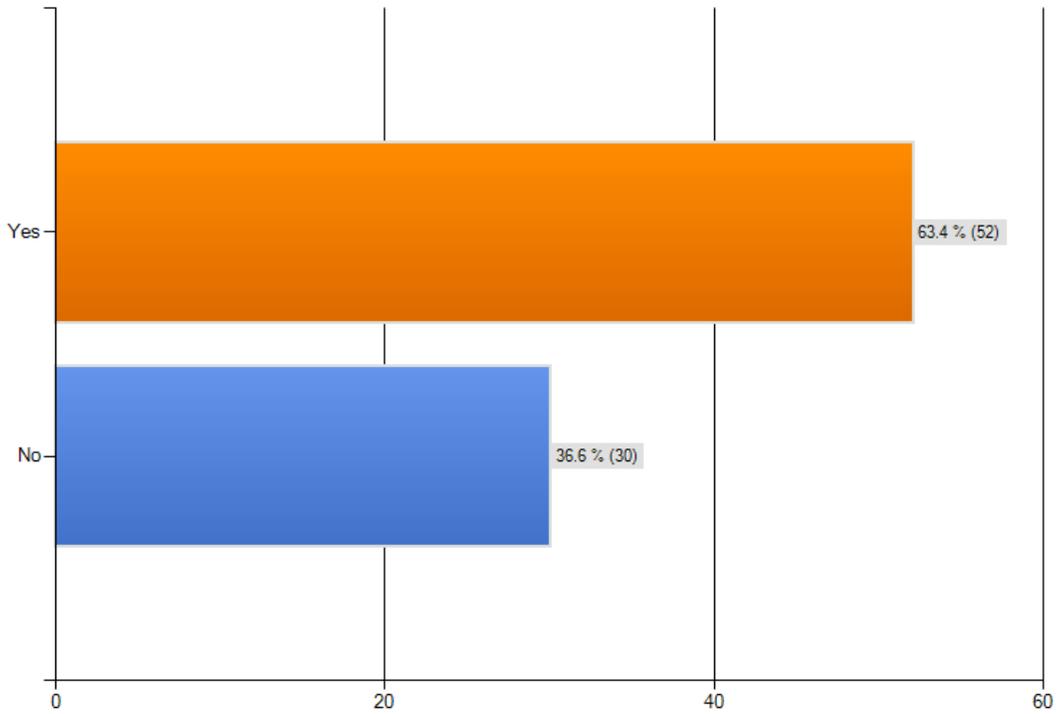
The level of partnership, coordination, cooperation, communication, efficiency, and interaction between the city and the utility is:



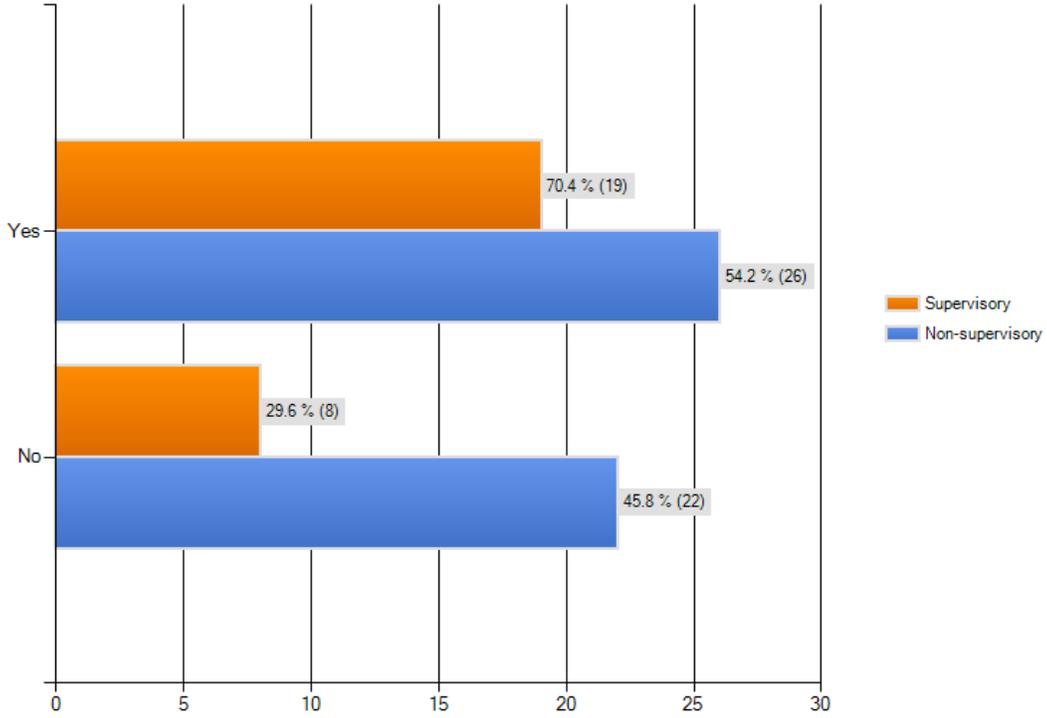
The level of partnership, coordination, cooperation, communication, efficiency, and interaction between the city and the utility is:



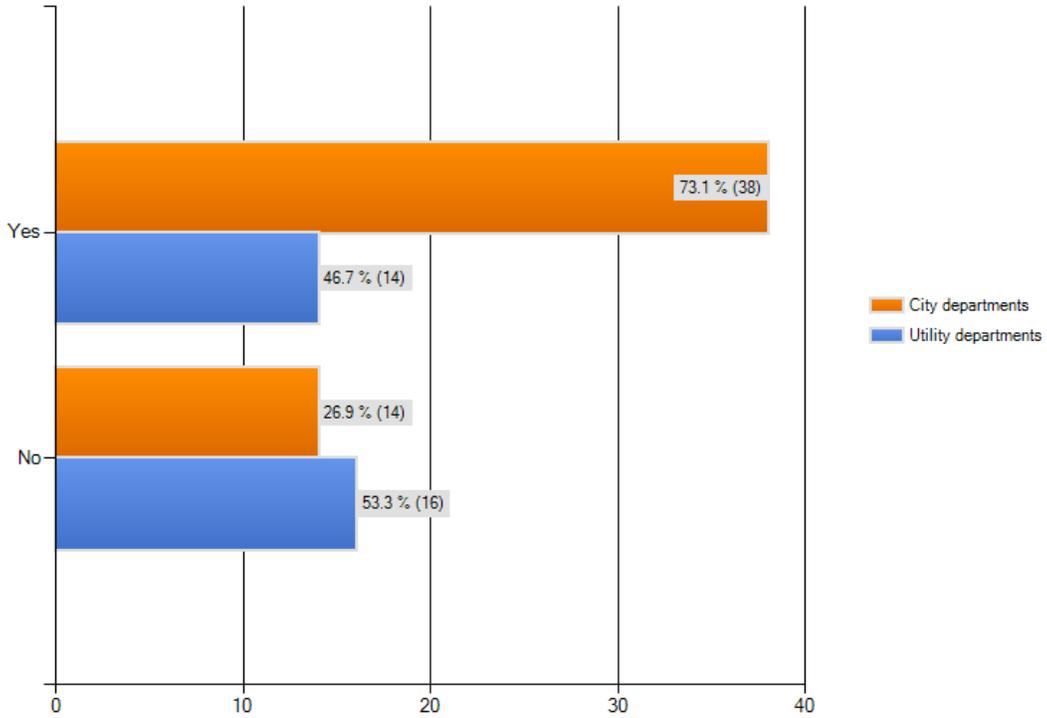
Do you believe there is duplication of services, functions, or processes between the city and the utility or within departments?



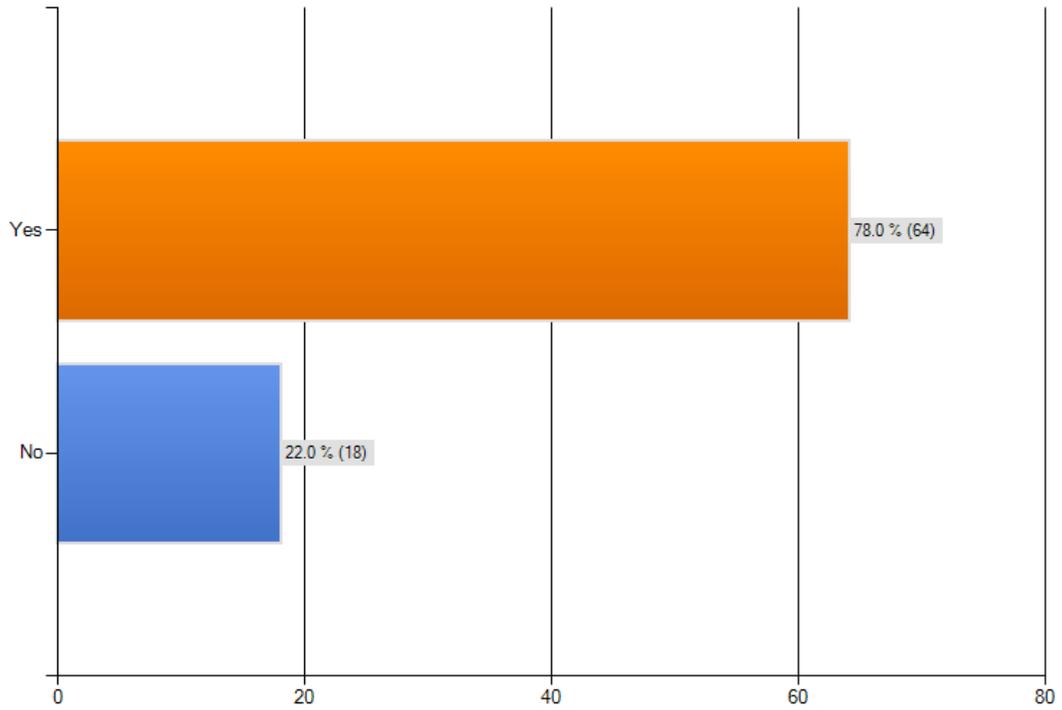
Do you believe there is duplication of services, functions, or processes between the city and the utility or within departments?



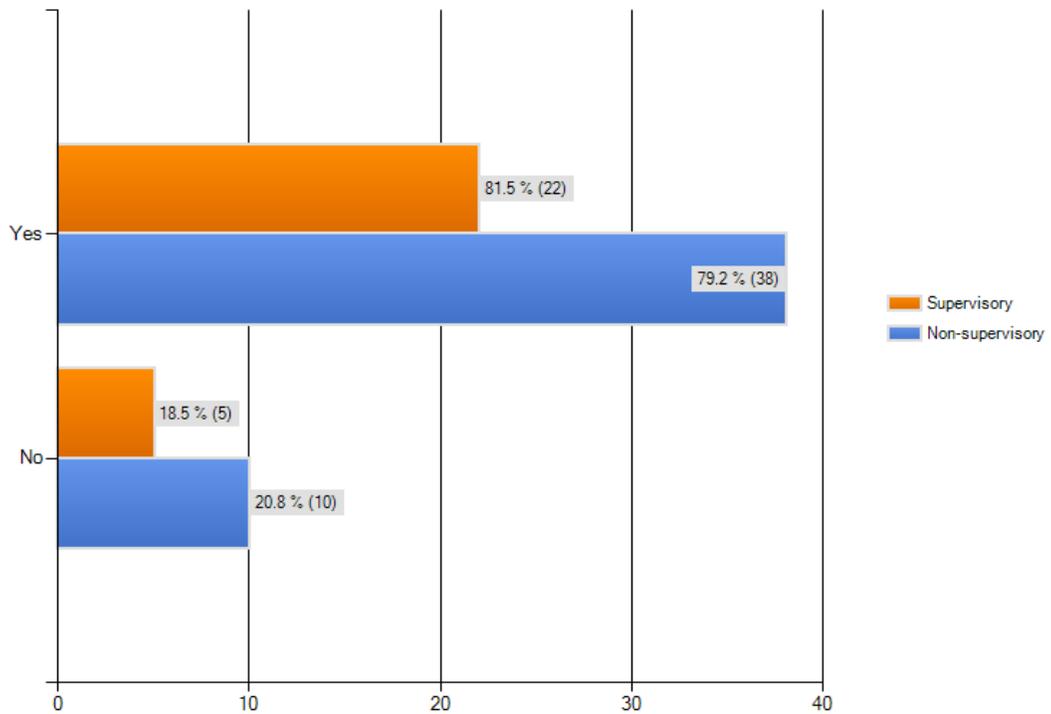
Do you believe there is duplication of services, functions, or processes between the city and the utility or within departments?



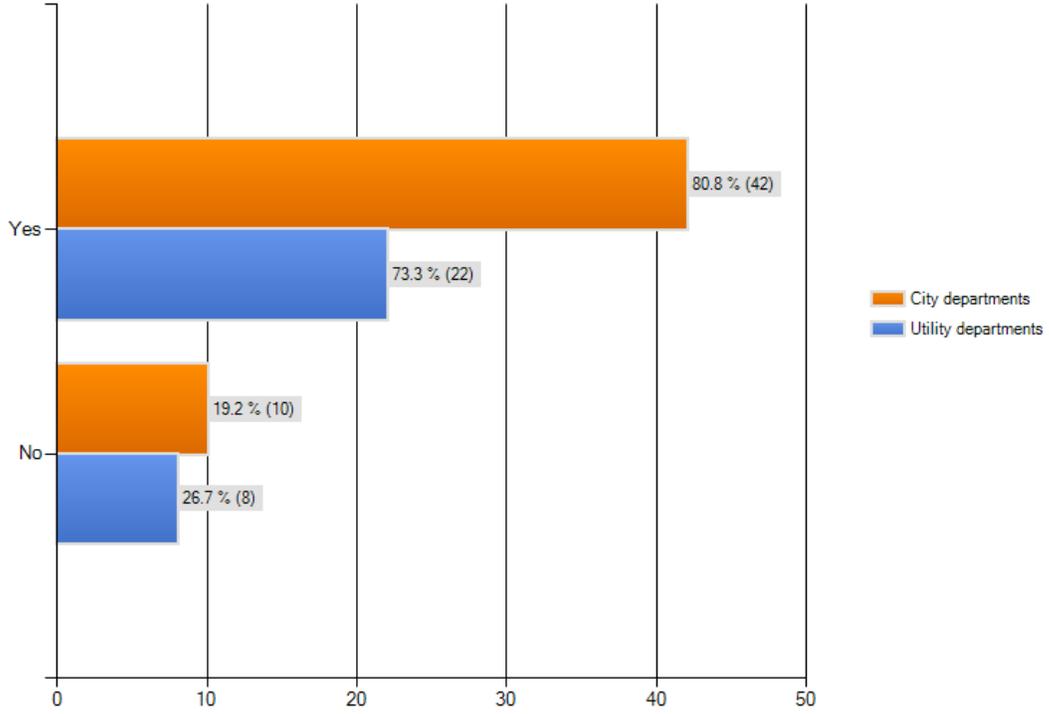
Do you believe that there are tasks that are not being completed due to insufficient staffing or lack of resources?



Do you believe that there are tasks that are not being completed due to insufficient staffing or lack of resources?



Do you believe that there are tasks that are not being completed due to insufficient staffing or lack of resources?



APPENDIX II
Utilities General Questions

Organizational Study for the City of Menasha and Menasha Utilities

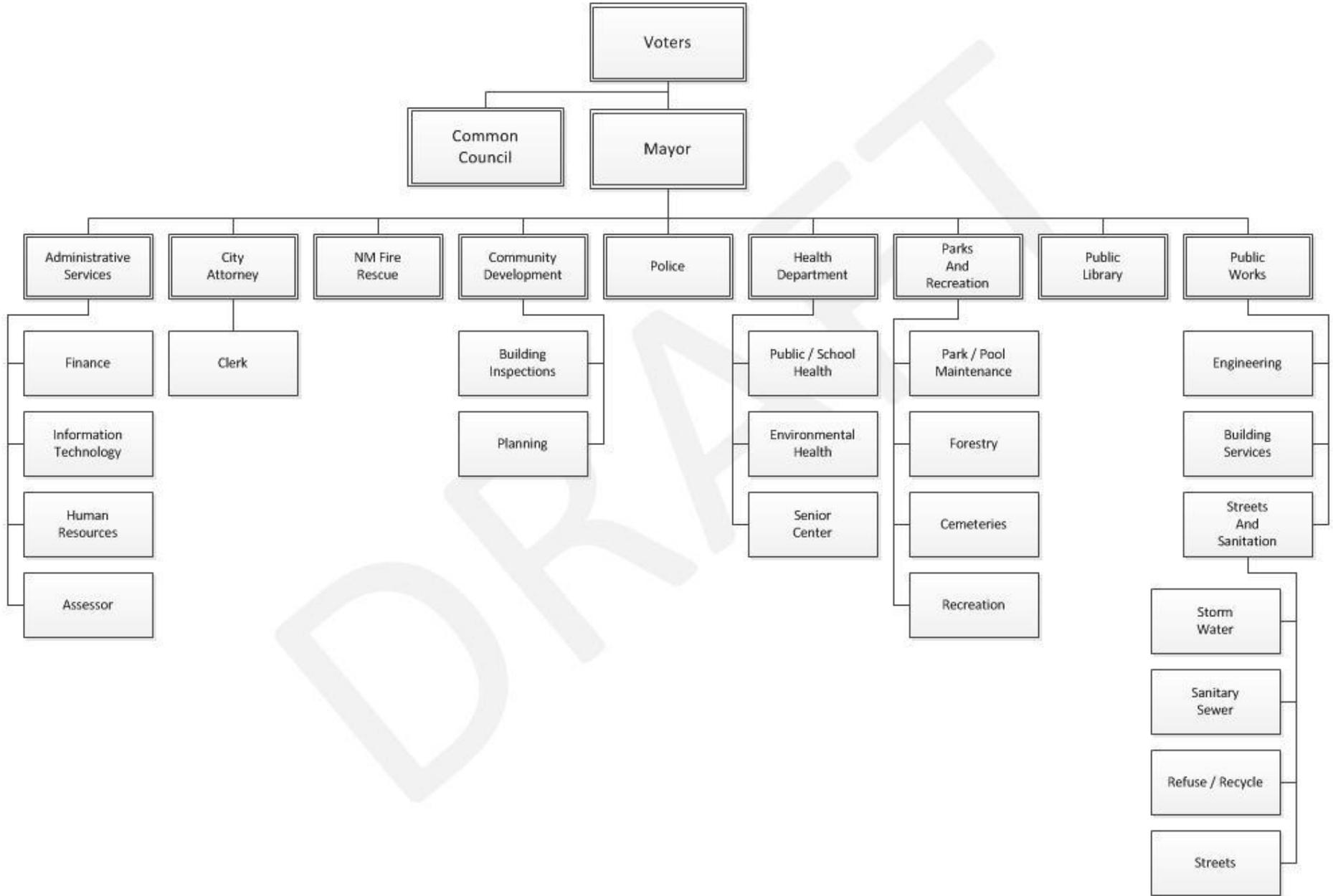
1. What municipal utilities do you provide? Please provide the total budget and FTE count for each utility you provide.
2. Describe your working relationship with the City at the policy level (City Council and Utilities Commission) and the operations level (City and Utilities department heads). Are regular meetings held? What is the process for sharing and exchanging information between the organizations?
3. To what extent have the City and the Utilities identified opportunities to increase efficiencies through shared service agreements? Have you studied or are you exploring other potential areas where services could be shared?
4. Do you share services with other Utilities? Are you pleased with the outcome of these shared services? Are you considering other opportunities for sharing services with other Utilities?
5. Do you outsource any aspects of the utility operations to entities other than the City or other Utilities?
6. We have had an opportunity to review your organizational chart. Do you consider this to be an effective organizational structure? Have you considered making any changes to the structure?
7. Do you have a succession plan in place?

City of Menasha, Wisconsin
Comparable Communities Questionnaire Results

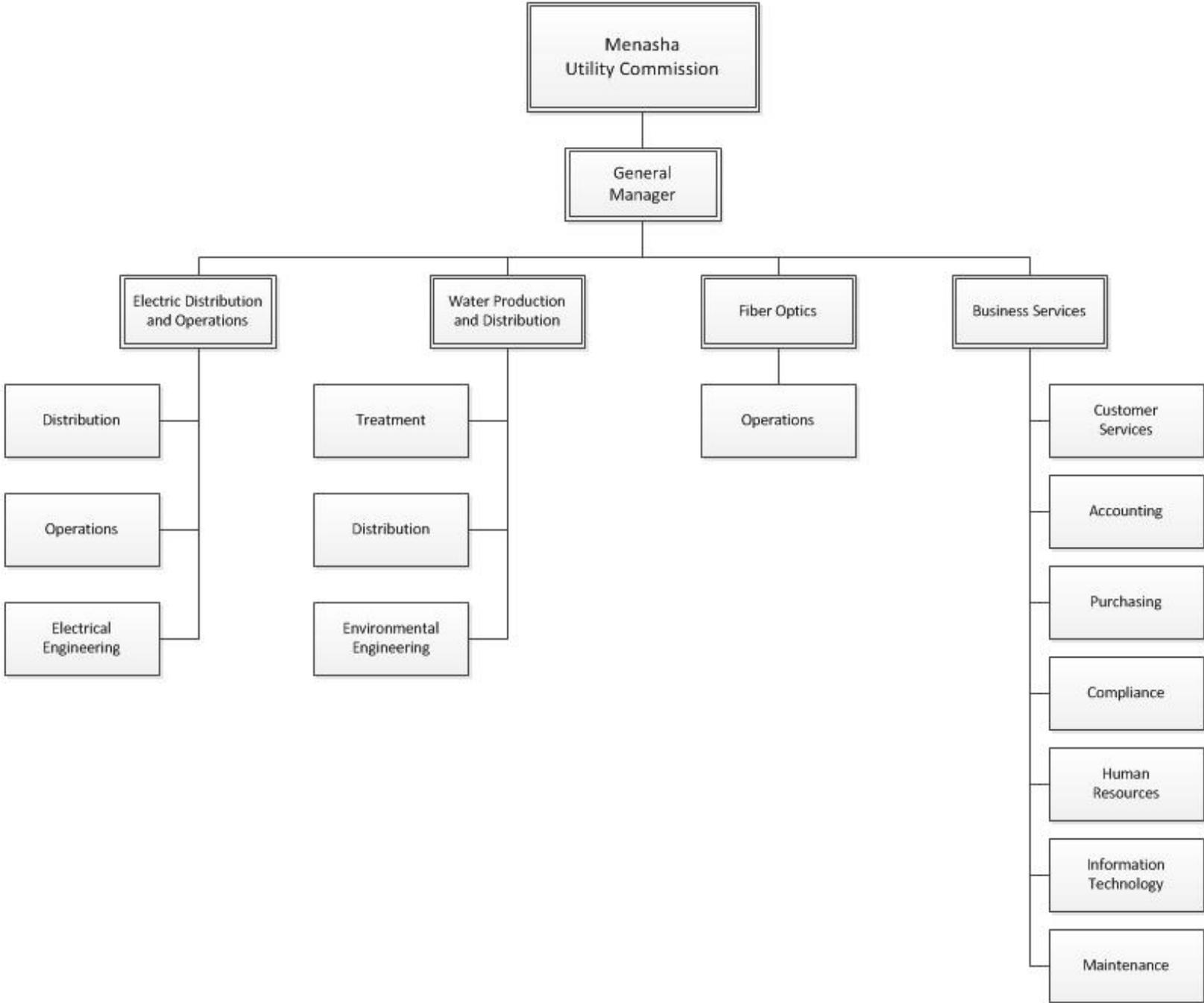
Responding Organization	City of Menasha	City of Neenah	Town of Menasha	City of Kaukauna	City of Appleton	Ave. (w/o City of Menasha)
County	Winnebago	Winnebago	Winnebago	Outagamie	Outagamie	
Population	17,442	25,612	18,545	15,627	72,810	33,149
Area	6.7	9.6	12.4	7.7	24.91	14
Valuation	\$1,012,337,900	\$1,840,562,900	\$1,459,563,400	\$908,544,000	\$4,782,952,700	2,247,905,750
Valuation per sq mile	\$151,095,209	\$191,725,302	\$117,706,726	\$117,992,727	\$192,009,342	154,858,524
Valuation Year	2012	1/1/2012	2013	2011	2011	
Tax Rate	\$10.120	\$9.200	\$5.359	\$8.47483	\$22.21670	
Tax Rate Year	2012	2012	2013	2012	2012	
Number of employees						
FT	120	237	82	86	593	250
PT	34	33	53	14	136	59
Seasonal	80	393		127	8	176
2012 Budget	\$23,961,191	\$52,586,075	\$11,800,000	\$7,800,000	\$121,123,545	48,327,405
Budget per capita	\$1,374	\$2,053	\$636	\$499	\$1,664	\$1,213
Has your city studied the feasibility of outsourcing services in and of the following areas:						
a. Public Works		Y	N	N	N	
b. Engineering		Y	Y	N	N	
c. Parks Maintenance		Y	N	N	Y	
d. Human Resources		Y	N	Y	N	
e. Information Technology		Y	N	Y	N	
f. Finance		N	N			
Public Works						
Number of Public Works FTEs	24	34	21.5	19	155	57.4
Average annual number of seasonal and/or temporary employees hire	9	3	3	6	12.5	6.1
Average annual number of hours worked by seasonal and/or temporary employees:	556	600	400	480	600	520.0
Total Public Works hours	50,476	71,320	45,085	40,000	323,000	119,853.8
Total FTEs	24.3	34.3	21.7	19.2	155.3	57.6
not include lane miles that are maintained by the county or the state):	158	132.77	100	76	750	264.7
Lane miles per regular FTE	6.51	3.87	4.61	3.95	4.83	4.3

APPENDIX III
Organizational Charts

City of Menasha
DRAFT



Option 1
Business Lines



Option 2
Functions

