

# The Administrator

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## Three N.C. managers earn full credentialed manager status from ICMA

**W**endell Town Manager **David Bone**, Raeford City Manager **Richard Douglas** and Winston-Salem Deputy City Manager **Derwick Paige** all have upgraded their credentialed manager status from the International City/County Management Association (ICMA).

The three North Carolina managers have upgraded from credentialed manager candidate to full credentialed status. The upgrades were announced in June.

Also, as previously announced in *The Administrator*, Elkin Town Manager **Lloyd Payne** has earned ICMA credentialed manager status. His status was approved by the ICMA



**Bone**

executive board at its meeting in late June.

The ICMA credentialing program is a means of defining and recognizing an individual ICMA member who is a professional local government manager qualified by a combination of education and experience, adherence to high standards of integrity, and an assessed commitment to lifelong learning and professional development. Managers are recognized by ICMA through a peer review credentialing process, and this self-directed program offers an opportunity for interested ICMA

members to quantify the unique expertise they bring to their communities. The program also assists ICMA members in focusing and reflecting upon their lifelong professional development experience. Members who participate in the program may earn the designation of ICMA Credentialed Manager granted by the ICMA Executive Board.



**Douglas**

There are currently 1,072 ICMA Credentialed Managers with more than 90 coming from North Carolina alone.

## Strategies to avoid future fiscal distress

**By Charles J. Schwabe**  
**Assistant City Manager**  
**Oakland Park, Florida**

*(Note: Schwabe will moderate an audioconference, **Achieving Fiscal Health: Strategies for Dealing with Fiscal Distress in Today's Economic Downturn**, on August 14, from 1 p.m.-2:30 p.m. Go to [ICMA.org](http://ICMA.org) to register.)*

Cities, counties, and public agencies all across the country are facing difficult financial times. While the causes vary among states and from one community to another, there is one constant: it's the local government's chief executive that elected officials, the management team and employees, and the community look

to for answers when your community is faced with a budget crisis. Difficult financial times demand crisp, clear leadership. Your leadership role becomes more important than ever in guiding your community through a budget crisis.

So what does leadership look like when revenue shortfalls, budget-busting expenses, or a combination create a financial crisis? It's crucial for local government managers to develop responses to two different aspects of a budget crisis—first, the short-term solutions that can be used to balance the budget, and second, and the long-term strategies that will position your local government to successfully weather future financial storms. Too often, local government managers focus solely on resolving the immediate financial crisis (which is understandable)

while failing to build a framework to avoid a future fiscal crisis. Here are suggestions that will allow you to do both:

### **Developing Short-Term Solutions**

Use Your Vision, Mission, Strategic Priorities, and Value Statements. Unfortunately, one of the first casualties of a budget crisis is the organization's vision, mission, or value statements. Too many times, the immediate response to a short-term budget crisis is to cut travel expenses, to reduce or eliminate employee training, to require all departments to reduce current spending by 10%, or to present next year's department budget with a 10% cost

*See **Fiscal Distress**, page 3*

# Ethics Q&A

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## Cutthroat Election Battle

**Q** A majority of the seats on the county council are up for election and the campaign has been fierce. The county has three active union groups, but not all employees are represented by a union. One of the unions took out an advertisement in the local newspaper that gives the impression that all county employees endorse a particular slate of candidates.

Because it is not true that all county employees endorse the slate, the county manager has complained about the advertisement to the newspaper, the shop steward, and the union representative. A further concern is that the advertisement was paid for by one of the unions, but that fact is not disclosed in the ad. As an ICMA member, the county manager is particularly concerned that it could appear that he is taking sides in this contentious election. What steps can he take?

**A** The county manager can document his concerns in writing to make it clear that he was not asked to endorse the candidates, nor did he give permission to the union to submit the advertisement on behalf of county employees.

Although it is unfortunate that the union handled its advocacy in this way, the fact that it did so creates a “teachable moment.”

The county manager can use the opportunity to educate the media and county employees about the role of a professional manager and his ethical responsibility to maintain political neutrality, especially in an election season. In addition to sharing a copy of the ICMA Code of Ethics with the media and elected officials, the county manager might write a column about his professional values in the employee newsletter.

## Drinking and Driving

**Q** At around 8:00 p.m., the town manager pulled out of the parking lot after attending the annual holiday party with area managers. A police officer pulled her over and advised her that her lights were not on. The manager apologized. Then the problem escalated. “Have you been drinking?” the officer asked. The manager answered truthfully that she had had a glass of wine at the party.

The officer asked her to step out of the car and go through a series of field tests for sobriety. She passed all of them. Nonetheless, he wrote a ticket for driving under the influence, saying that the fact that she had not turned on her lights indicated that her judgment had been impaired.

She agreed to take a breathalyzer test at the police station. Her blood alcohol level regis-



tered 0.06, under the legal limit for drunk driving in the state but high enough to allow her to be charged with DUI. The town manager was stunned that she was facing this charge and asked for advice.

**A** The town manager’s actions after being stopped by the officer were all appropriate. She cooperated fully and was not involved in an accident. She did not try to use her position as town manager as a way to get special treatment.

Because the officer has discretion in judging whether a driver may be impaired, all the town manager can do is hire legal counsel and tell her story in court. In the meantime, she will want to tell her elected officials what happened so they don’t hear about it first from a reporter.

In recent years, ICMA has received more complaints than in the past about members who have been arrested for driving under the influence. In ethics cases where members were involved in accidents and fled the scene or had multiple arrests for DUI, ICMA has issued public censures.

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## Calendar of Events

**NCACC Annual Conference**  
August 21-24, 2008  
New Bern/Craven County

**NCLM Annual Conference**  
October 12-14, 2008  
Charlotte/Mecklenburg County

**ICMA Annual Conference**  
September 21-24, 2008  
Richmond, Virginia

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For comments or suggestions, please contact Matt Lail, editor, at (919) 715-3929, fax to (919) 733-9519, or mlail@nclm.org.



## Fiscal Distress, continued from page 1

reduction. These across-the-board-reactions are not consistent with, or they downright conflict with, stated values regarding employees, the importance of ongoing training and development, and the strategic priorities for the organization. Rather than relying on one-size-fits-all approaches, local government managers can use the organization's vision, mission, value statements, and strategic priorities to shape and tailor solutions.

**Develop Cost-Containment and Revenue-Enhancement Approaches.** Personnel expenses make up a significant percentage of most local government budgets. So, cost containment needs to begin here. Vacancies or soft freezes that are imposed at the first hint of an emerging budget crisis can be vital tools to responding in the short-term. However, cost cutting sometimes overshadows the need to examine whether revenues should be increased in order to address immediate, short-term budget problems. A budget crisis represents a unique opportunity to recommend adding new revenue sources, increasing fee structures to capture past and projected expense increases, or to ensure that fee-for-service programs are fully self supporting.

**Identify the Hidden Financial Problems.** Best-selling author Jim Collins ("Good to Great") uses the term "confront the brutal facts" to describe the importance of accurately defining the reality of the current problem. It's sometimes tempting for community leaders to urge that a short-term budget crisis can be resolved by trimming the fat or cutting the workforce. In reality, the size of the workforce may need to be trimmed, but it may be equally important to critically examine overtime costs, trends in the local government's contribution to employee pension plans, and the benefit structure and costs associated with employee health plans. These personnel expenses, although unpopular to examine, may be the hidden causes of a short-term budget crisis. And as Collins suggests, when the truth of the situation is identified, the solutions to the problem become evi-

dent.

**Match Available Resources to Critical Services.** Vision and mission statements and organizational strategic priorities form the basis for prioritizing the services that your organization currently provides. Against this framework, the services and programs that are provided can be assigned to categories ranging from legally mandated to important but not essential. Larger budget cuts can be assigned to those services and programs that support in a lesser degree the strategic priorities and the vision and mission statements.



### Developing Long-Term Strategies

**Build a Capacity for Strategic Thinking.** Now is the time to prepare a strategic plan for your organization. It's also time to develop the staff capacity and skill sets for regular review and update and to think strategically about where the organization is headed. If you have a strategic plan, it's vital to honestly assess how well the plan and your strategic thinking process are identifying financial issues before they become a financial crisis. If your strategic thinking process falls short, your plan and process should be changed so that it provides the framework for making key decisions about services and service levels.

**Create a Climate that Fosters Continuous Improvement.** Work processes can be revised so that services are delivered better, cheaper, or faster. However, it's probably unrealistic to think that process management will provide meaningful results in the short-term. A systematic approach to process improvement can result in significant cost containment in the long-term.

**Use Financial Modeling.** As important as it may be to fill a current budget gap, it's just as important to project future cost and revenue

streams 3-5 years from now. Financial modeling can show whether your organization is headed towards a budget crisis, and can identify key decision points that, if properly made, will contribute to a solution. For example, operating costs for capital improvement projects should be projected and used to projected future costs. Annual replacement funding can be included in projections for big ticket equipment, information technology, and vehicle fleets.

**Preserve Critical Assets.** Your organization's key infrastructure assets, such as roads, equipment, buildings, and vehicle fleets, can probably survive a temporary interruption in scheduled maintenance or replacement. However, continued deferrals will lead to large-scale problems over time. For the long-term, popular services or programs may have to be scaled back or eliminated in order to protect the investment that the organization has made in key infrastructure assets.

There are two final points that should be considered when crafting solutions and strategies that will address your fiscal wellness problem. First, it's vital to get and keep the right people involved as you lead the organization through a budget crisis. Your financial experts will be key partners in developing cost containment and revenue enhancement solutions. Elected officials and community leaders can and should play key roles in building long-term strategic solutions. It's the job of the local government manager to help hold the community together when addressing difficult financial issues. These times can be strained as the community rearranges priorities and reassigns resources.

Second, information will be an important resource in dealing with the uncertainty caused by a budget crisis. This uncertainty will be felt by employees, elected officials, and community leaders. Communication strategies should be developed so that regular updates are provided through a variety of communication methods.