



City Manager's Office  
City Hall  
50 West 13th Street  
Dubuque, IA 52001-4805  
Office (563) 589-4110  
Fax (563) 589-4149  
TTY (563) 690-6678  
ctymgr@cityofdubuque.org  
www.cityofdubuque.org

August 26, 2013

Dear ICMA Executive Board,

I want to first thank ICMA President Bonnie Svrcek and ICMA Immediate Past President Sam Gaston for the faith they showed in the members of the Task Force by selecting us for appointment to take on this important issue. We have done our best and now leave this issue in your hands, while also being willing to help in any way we can.

The Task Force Members participated in this endeavor at great personal sacrifice. This was one more thing to do in a work day already full of many trials, tribulations and challenges. Travel to the meeting in Phoenix, the two meetings in Washington, DC, and attendance at Regional and State meetings to solicit input are examples of the passion, enthusiasm and commitment of the Task Force Members to the cause of professional local government management, what former ICMA President Bill Buchanan called "delivering democracy to people's doorstep."

I want to especially recognize those that agreed to step up to lead the subgroups: Pam Antil, Jonathan Lewis, Charles Penny and Matt Fulton. I want to thank our current ICMA Board Liaisons, Michelle Crandall and Andy Pederson. Also, thanks to Pat Martel and Matt Fulton, who performed the Board Liaison role in the beginning (and Ken Chandler who attended our meeting in Phoenix).

I want to thank and recognize the exceptionally talented ICMA staff who assisted the Task Force; Evelina Moulder, Wayne Sommer, Ron Carlee, Betsy Sherman, Rita Soler Ossolinski, David Grossman, Jennifer Kalita, Mary Ann Cristiano, Gina Anderson-Ford and, of course, Martha Perego, with them and us benefitting from the creative and innovative leadership of Bob O'Neill.

When the Task Force Members called for assistance or information through this process, we discovered ICMA has a rising star in Alison Miller-Richards, and I want to offer my thanks to Alison.

I have saved one staff member for special recognition. Uma Ramesh was the ICMA Chief Financial Officer when this process began, but as exists in every organization, she is a person whose influence and impact reaches far beyond her job title. I considered myself fortunate to get to know Uma when I served on the ICMA Board and was given the assignment of Chairperson of the Finance and Business Operations Committee. Uma is smart, both intellectually and strategically, and, I dare say, no one will ever outwork Uma. On top of all that, she is just a really nice person. It is very fitting that Uma is now the ICMA Chief Operating Officer. Congratulations Uma!

As a Task Force, we celebrate the recent accomplishment of Alan Ours and Meredith Stengel Robson as they join the ICMA Executive Board!

The Task Force had a tough task. The 9,000 members of ICMA were counting on them to thoughtfully examine all the issues and develop recommendations that will serve the Association well and, therefore, serve the members well.

The recommendations are attached to this transmittal letter, but, I would like to add a few of my observations after digesting all of the materials, listening to Task Force Members over the last 18 months, and engaging ICMA Members and not-yet-members in conversations at different events. While I believe that cost is important, and that we had a responsibility to closely examine the dues structure to reduce the barriers to entry into ICMA and make it affordable to maintain membership, I think our greatest challenge as an organization is enhancing the value proposition and delivering the message to members and not yet members about what ICMA has to offer. Many local government professionals feel that what they need is available on the internet, from state associations or other groups.

If you graduated from an MBA Program in the last 15 years, you learned about Disruptive Innovation. Disruptive Innovation does not just exist in the manufacturing sector and the technology sector, but it also exists in the service sector. Disruptive Innovation in the service sector is, "How do you deliver the same and new services differently to provide additional value to customers", [or in our case, members]?

We are fortunate this Task Force was created not because there is an organizational crisis, after all, ICMA has 9,000 members, and with a \$35 million budget, and 130 employees in the United States, there is a \$5.3 million and growing fund balance. In a 2011 member survey, 91% of respondents rated ICMA's customer service as "excellent" or good." You can see from the following chart that there is no precipitous drop in members.

Number of Members									
	2006	2007	2008	2009	2010	2011	2012	% Change from 2006-2012	% Change from 2011-2012
<b>In Service (US)</b>	5,176	5,471	5,651	6,150	5,959	5,808	5,746	11%	(1%)
<b>Full Member</b>	4,598	4,828	4,855	4,942	4,763	4,616	4,543	(1%)	(1%)
<b>Affiliate Members</b>	578	643	796	1,208	1,196	1,192	1,203	108%	1%
<b>Not In Service (US)</b>	2,429	2,450	2,698	2,859	2,736	2,729	2,796	15%	2%
<b>International</b>	304	351	373	391	409	354	341	12%	(3.6%)
<b>Total</b>	7,909	8,272	8,722	9,400	9,104	8,891	8,883	12%	0

\* In the current fiscal year, as of May 2013, there have been 259 new full members, for a net gain of 74.

The following is a quote from the ICMA Executive Board June 2013 meeting minutes:

“In ICMA's third quarter, 173 new in-service members joined ICMA (88 Full, 13 Senior Affiliate, 64 Early Career Affiliate, and 8 Intern). Overall, ICMA is attracting new members in the U.S. at an improved rate (555 to date) over FY2012 (555 actual) or FY2011 (493 actual).”

This Task Force was not created because of an organizational crisis, this Task Force was formed with an eye on the future!

The ICMA Executive Board's Charge to the Task Force was as follows:

- Become knowledgeable about the current mix of revenue sources to assess the role that each plays and to recommend a long term revenue policy.
- Pay particular attention to the role that dues play in ICMA finances.
- Assess if the current dues structure helps ICMA attract and retain members.
- Work within the framework of the existing strategic plan and board approved net asset policy.
- Position ICMA as a vital and financially stable organization for the future.

I hope the Task Force recommendation is seen as creating a fair, equitable and competitive dues model that retains and attracts members, laying the foundation for organizational innovation and success.

Mike McDowell, City Administrator of Wentzville, Missouri, was an active and engaged member of the ICMA Task Force on Financing the Association. Mike passed away suddenly on August 9, 2013. Mike was very insightful, always kind and not only a great asset to the process, but a person who had the ability to make sure the dialogue was about the issues, even when people disagreed. Mike was also one of the key advocates of this recommendation because of his belief that it would have a positive impact on the Next Generation initiatives of ICMA.

One of the things I personally had to overcome through this process was my contentment with the status quo. When I served on the ICMA Board, I became very familiar with the organization and the very high quality staff making things work. It was difficult for me to appreciate why there was even a need for this Task Force other than a “requirement” that the dues structure be examined about every 10 years and some concerns that had been expressed that the dues were too high. I had to keep reminding myself of a Jim Collins quote, “Good is the Enemy of Great.”

Even up to the meeting in Washington, D.C., on May 16, 2013, where this recommendation was adopted, I was convinced that the current dues structure was working, and there are still some Task Force Members that fall into that camp.

The argument that has swayed me the most and convinced me that this recommended change is necessary is the argument put forward by Mike McDowell and others. ICMA must determine a way to serve and attract the Next Generation of local government professionals, and for our profession to survive and thrive, this generation will not look

like the current generation. This generation will include more women and more minorities, or it simply will not reflect the population these local government professionals serve.

The Task Force vigorously researched and debated many dues options. Some of those were:

- Reduce the cap from \$1,400 to \$995
- Reduce the rate from .008 to .007
- Increase flat rate dues by \$25
- Change Department Head to flat rate dues
- Charge one member from an organization \$995, regardless of income, and a lower flat rate for others
- One member at current rate, all others from an organization a flat rate
- Provide a credit for dual membership in a state or other affiliate organization
- Flat rate options were researched at levels of \$995, \$700 and \$500
- The Task Force arrived at the organizational rate recommended today

The recommendation has the following characteristics:

- Population-based organizational rate
- Jurisdiction would get a certain number of memberships
- Memberships would still belong to identified individuals in the jurisdiction
- Current membership categories would apply
- Additional staff from a jurisdiction can become members at a fixed low rate
- This is somewhat similar to models offered by APWA and GFOA

I support this recommendation not only because I Chair a Task Force who has democratically selected this option. The most impactful piece of information leading to my personal support of this recommendation is the following:

		<b>% of U.S. In Service ICMA Members</b>	<b>General U.S. Population</b>
Gender	Female	25.28%	50.8%
Race	African American	4.78%	12.6%
	Asian American	1.19%	4.8%
	Native American	0.47%	0.9%
Ethnicity	Hispanic	3.61%	16.3%

\* 16.67% of International In Service members are female. Information is not available for other categories.

As reported in the news this year:

“In a first, America’s racial and ethnic minorities now make up about half of the under-5 age group, reflecting sweeping changes by race and class among young people.

Because of an aging population, non-Hispanic whites last year recorded more deaths than births.

These two milestones, revealed in 2012 census estimates released Thursday, are the latest signs of a historic shift in which whites will become a minority within a generation, by 2043.

They come after the Census Bureau reported last year that whites had fallen to a minority among newborns.

Fueled by immigration and high rates of birth, particularly among Hispanics, racial and ethnic minorities are growing more rapidly in numbers than whites.”

These statistics, coupled with the following, sets up an uncertain future for ICMA and the local government management profession:

Age Distribution of Appointed Managers in 1934, 1971, 2002, 2006, 2009 and 2012

<b>Age</b>	<b>1934</b>	<b>1971</b>	<b>2002</b>	<b>2006</b>	<b>2009</b>	<b>2012</b>
Under 30	7%	26%	2%	2%	1%	1%
30-40	34%	45%	13%	13%	12%	10%
41-50	37%	21%	36%	28%	23%	25%
51-60	19%	5%	43%	46%	46%	40%
Over 60			7%	12%	17%	24%

The local government profession is headed for a crisis if something does not change. It is the hope that this dues restructuring will be one small part of meeting that challenge. I know the ICMA Executive Board has other Next Gen initiatives underway, and as the following quote from the ICMA Executive Board June 2013 minutes points out, you are planning additional efforts:

“The board also reviewed background information that had been pulled together on all ICMA strategies and statements that relate to diversity. This is in preparation for discussion in the fall on crafting a strategic plan for addressing ICMA’s commitment to increasing diversity in the membership and in its governance.”

There was a significant number of Task Force Members that wanted to see a general reduction in dues. In fact, Task Force Member Jim White (Township Administrator of Township of East Brunswick, NJ) has submitted a Minority Report on this important topic. Most Task Force Members reported that they had received some feedback that

dues were too high. This recommendation provides a mixed bag on that front. The current system is based on individual membership with a dues structure that has a cap of \$1,400. If the recommended organizational-based system were implemented, some members would receive a dues reduction and some a dues increase. It is recommended that initially a member have a choice between the current system and the recommended system to calculate and pay their dues so they do not incur an increase if they choose not to. Should the recommended dues structure be fully implemented, it probably would not be practical to maintain that option. Regardless, some members will receive a dues decrease. When you look at the success of the Association, it was difficult for most members of the Task Force to conclude that a general dues reduction was the answer.

Along the way I found in the Harvard Business Review the results of a study of over 25,000 companies, spanning over 44 years, trying to discern the rules for having a successful company. It was titled, "3 Rules for Making a Company Truly Great," by Michael Raynor and Mumatz Ahmed. The study identified three rules for success:

Rule #1 Better before Cheaper. It is best to compete on differentiators other than price.

Rule #2 Revenue before Costs. Prioritize increasing revenue over reducing costs.

Rule #3 There are no other Rules. Change anything you must to follow the first two rules.

The authors reported that:

"After repeatedly trying and failing to isolate measurable behaviors that were consistently relevant to success, the authors shifted their emphasis away from what these companies did to hypotheses about how they thought. They realized that the choices these companies had made were consistent with these three elementary rules."

While some people will question the application of these results to ICMA, I personally used it as one reminder that it is very important to identify and consider options beyond just a reduction in price.

While Task Force Members solicited input from current members at ICMA regional meetings, state association meetings, and through other methods, it was more challenging to obtain input from non-members. That is an important voice and one the ICMA Executive Board might want to hear more from before getting too deeply into testing and implementation of this recommendation, should it be accepted by the Executive Board.

There is a need to be concerned about the potential impact of the recommended dues model on ICMA revenues and on the workload of employees, possibly leading to the addition of staff. A combination of a decrease in revenue and an increase in expenses

would be damaging to ICMA. This dues model needs to be well tested before being fully implemented.

There are two other important areas that were discussed by the Task Force. The first is membership development. A strategic plan of membership development, especially related to Next Generation issues around women and minority membership needs to be developed and aggressively implemented. This, of course, is not news to the ICMA Board, so these are just words of encouragement from the Task Force. As the numbers show, this is a big problem, and, as we all know, the legitimacy and the future of the local government profession hangs in the balance.

The second issue the Task Force felt strongly about was the value proposition. While the Task Force felt that ICMA provides great value to the members and to the profession, it was felt the value proposition could be improved and that ICMA must identify a way to better communicate and more succinctly identify that value proposition. A member of ICMA should be able to quickly and easily respond to a question from an elected official or citizen about what value the community receives from membership in ICMA. When discussing important issues, I have heard it described that you will have a person's attention in the amount of time it takes to complete a ride on an elevator. That "elevator speech" just currently does not exist.

The recommendation submitted includes some thoughts on improving the value proposition, like some free webinars, but this and the articulation of the value proposition needs more work.

The work of the Task Force was not confined to looking at the dues. In the beginning, the Task Force was broken into four subgroups:

- U.S. Programs, chaired by Pam Antil, Staff Liaison Wayne Sommer
- Professional Development and Publishing, chaired by Jonathan Lewis, Staff Liaison Martha Perego
- International Programs, chaired by Matt Fulton, Staff Liaison David Grossman
- Membership, initially chaired by Charles Penny, Staff Liaison Alison Miller Richards, but at a certain point, as originally agreed to by the Task Force, the four subgroups were disbanded and the entire Task Force focused on the membership issue.
- The Task Force also discussed member engagement possibilities.

I would like to offer some additional thoughts on some tactical considerations as the ICMA Board moves forward. Once again, these were from reviewing the materials provided by staff (about 1,000 pages!), listening to Task Force Members over the last 18 months, and engaging both ICMA Members and not-yet-members in conversations at different events.

The Task Force seemed to struggle with how do you increase the value proposition and/or perceived value of the ICMA membership to members and prospective members. While the Task Force members believe that the work they are doing on

financing the association is important, no matter what the dues structure, if a person does not perceive they are getting a return on their investment or cannot demonstrate that return to others, like a city council member or citizen, they are not going to join ICMA or stay a member.

As I mentioned, the Task Force separated their work into four categories:

1. Membership
2. U.S. Programs
3. International Programs
4. Books and Publications

If it had been within the Task Force charge, they easily could have added some additional categories:

1. Member Engagement
2. Progress Through Partnerships
3. Enhance and Better Communicate the Value Proposition of ICMA

Here are some tactical thoughts on issues not within the charge given to the Task Force:

1. Member Engagement
  - a. The ICMA Board should consider creating an ICMA Standing Committee titled Membership. The main jobs of this committee would be to examine ways to retain existing members and ways to recruit new members. They should have a travel budget, so they can interact with members and prospective members.
  - b. ICMA needs to invest in the ability to have more direct interaction with members and potential members. Do we need more positions like the West Coast Liaison and the Midwest Liaison?
  - c. Increase efforts to market the Value Proposition (Life Well Run campaign helps here).
  - d. Create more opportunities for ICMA Board, Committee Members and staff to interact with members of affiliate organizations. Remember, it is all about people.
  - e. Ask each state and other affiliate organization to form membership committees and then offer to have an ICMA staff member, an ICMA Board Member or ICMA Membership Committee Member serve on that committee for the affiliate.



- f. Develop member survey methods that are more scientific, consistent and frequent to keep ICMA's finger on the pulse of member satisfaction and needs (look at how political campaigns do it).
- g. Use social media to engage members and potential members.
- h. Consider expanding the size of the ICMA Board of Directors. Maybe add two regions, resulting in six more Board Members. This also creates an opportunity to strengthen relationships within a region by making them smaller.
- i. How can ICMA leverage the work of the Task Force on Women in the Profession that was created by ICMA President Bonnie Svrcek?

## 2. Progress Through Partnerships

- a. Consider funding a once a year meeting in Washington, D.C., of all affiliate Presidents. Talk about key issues in the profession, best practices and methods to improve the ICMA value proposition. There is an attempt to do this with state association presidents at the ICMA conference, but there are too many distractions.
- b. Identify competing organizations that are being formed around the world (CEO for Cities, etc.) and reach out to them. How can ICMA work with them to create mutually advantageous relationships? If not that, at least examine what gap are they filling that ICMA has left open?
- c. How can ICMA better leverage the relationships with affiliate organizations?
- d. How can ICMA better leverage corporate sponsors, strategic partners and conference exhibitors?
- e. Partner with other businesses and organizations creating Disruptive Innovation.
  - i. Partner with LinkedIn to create connections among ICMA Members, undergraduate and graduate students in political science, public administration, planning, and other fields, and other parties interested in professional local government as a possible substitute, or in addition to, the ICMA Knowledge Network.
  - ii. Partner with ESRI to help identify potential members and to help with the marketing of the Life Well Run campaign. For instance, can we match psychographic data from the purchase of books about elected officials, public administration and other related

topics, in an effort to identify these interested parties, especially those in high school or college?

- iii. Partner with Apple, Google and/or Microsoft to create apps to enhance ICMA services.
  - iv. Partner with more than bricks and mortar universities, such as UniversityNow, which are creating ultra-affordable college degrees, aligned with real workforce solutions.
- f. How can ICMA help military veterans transition into professional, local government management?
- g. If Women, Hispanics, African-Americans, Asian-Americans and other minorities do not enter and support professional local government, as the U.S. becomes more diverse, ICMA and the profession will become less relevant.

Continue and expand the work of the Women in the Profession Task Force and create a similar initiative around the African-American community, in partnership with National Forum for Black Public Administrators (NFBPA).

Target for new members the fastest growing demographic in the United States and the segment of the international population that is quickly increasing their move into the middle class. I am not talking about China, Africa, India or Russia (though I am not suggesting these should be ignored). I believe it is South America, Central America, Mexico and, most importantly, the United States Hispanic population. We must find ways to reach out to the Hispanic community, both in the United States and abroad, to get new people into the profession, to add new members and to educate this segment of the population on the value of professional local government management. One approach would be to set up a joint strike force in partnership with the Hispanic Network and others to put a laser-like focus on this market segment. As recently reported in the news, the pool of Hispanics in the United States seeking higher education is increasing. In 2013, 69% of Hispanic high school graduates went to college, as compared to 67% of white high school graduates. This is the first time that Hispanics have exceeded whites.

### 3. Enhance and Better Communicate the Value Proposition of ICMA

- a. Continue to pursue the improvements to ICMA University

- b. Invest in the Center for Management Strategies and the Center for State and Local Government Excellence (profit centers?).
- c. Create Best Practices guided tours for members to witness excellence around certain issues first hand. These could be national and international trips. There would be no harm in scheduling them when it was the most advantageous time for a person to be in that area (profit center?). ICMA members are doing great things and ICMA should help spread the word.
- d. Form a two-year ICMA Task Force to research how to improve and better communicate the value proposition.

This assignment was very important and personal to me. First of all, I have served in local government for over 35 years. Secondly, my daughter, Mary, now serves as the Assistant to the City Manager of Woodbury, Minnesota. Third, ICMA has given much to me and I have a responsibility to give back. Finally, ICMA Members and the residents of the counties and cities we serve are counting on us.

Why am I a member of ICMA?

1. The Code of Ethics and the expectation that all members will live up to these high standards.
2. Exposure to the Best Practices of Local Government Management through conferences, seminars, research and literature.
3. The ability to associate with the finest local government managers in the world.
4. The knowledge that my membership and active participation in ICMA has a ripple effect in a democratic society that supports the creation of communities with Economic Prosperity, Social and Cultural Vibrancy and Ecological Integrity.
5. The opportunity to give back.

I apologize for the length of this transmittal letter, but the Task Force has covered much ground in the last 18 months. I do want to offer one final thought. I am keeping the family of Mike McDowell in my thoughts and prayers. We all know that ICMA is better for having known Mike. I know he made a lasting impression on our Task Force.

Thank you for the privilege to be a part of this great organization and allowing me to have worked with these wonderful people involved with the ICMA Task Force on Financing the Association.

ICMA has a bright future!

Sincerely,

Michael C. Van Milligen  
City Manager

MCVM;jh