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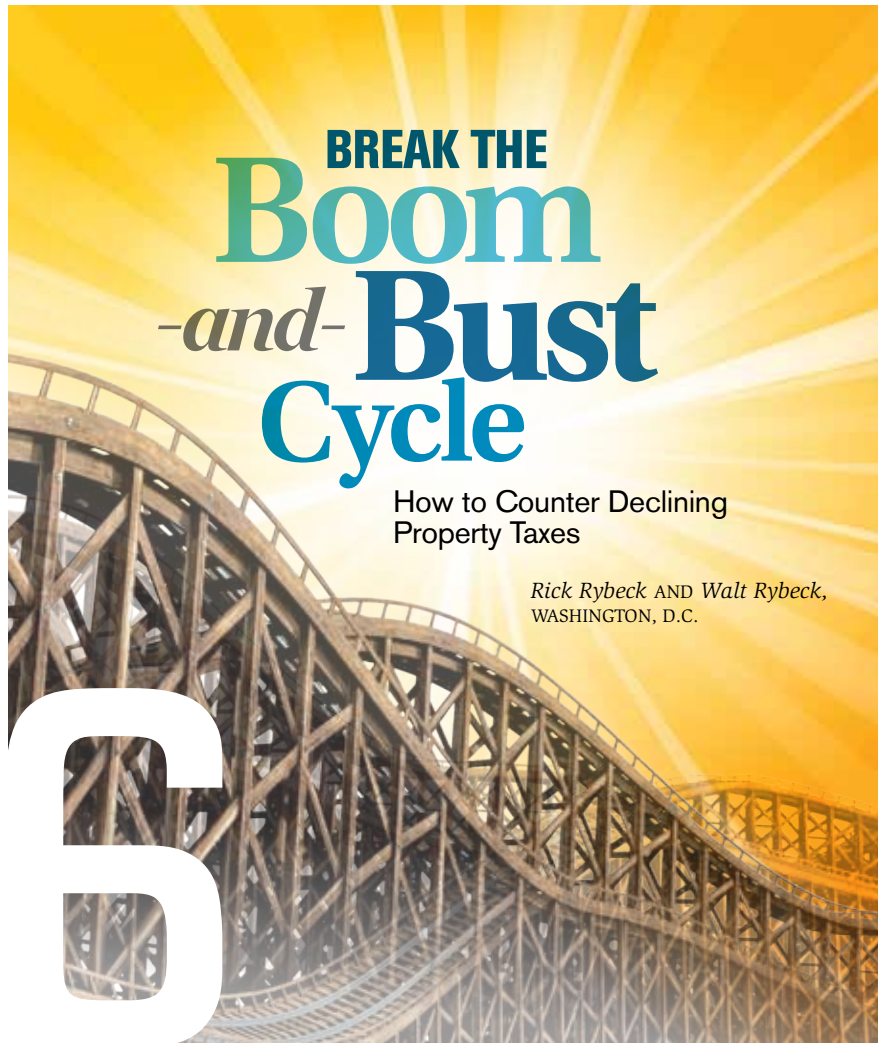


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Don't Let Yourself Get Rattled

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This issue of *PM* is available online at icma.org/pm August 1, 2012.

BY MARTHA PEREGO

WHAT WOULD YOU DO?

Test your ethics knowledge as well as your knowledge of the ICMA Code of Ethics to solve these real-world issues. Answers to these questions are on page 3.

QUESTION 1: The former county manager, now in transition, was asked by a candidate for the state legislature to join the campaign team as a consultant. The election is just three months away, so it will be a short assignment. The former manager has some applications out for manager positions in other communities, even out of state. But so far, no prospects on the horizon.

About all that is certain is that the former manager will not be working in local government in this state legislative district. This consulting offer is tempting as it provides interesting work as well as additional compensation. The former manager should

- A. Accept the offer to serve as a campaign consultant. Since he is not working in local government, the requirements of Tenet 7 (stay out of campaign politics) do not apply to him.
- B. Decline the offer because he received a full year's severance.
- C. Decline the offer because he is actively looking for a position in local government.

QUESTION 2: A councilmember from an adjacent local government has asked the town manager for her input on the annual performance review of his community's manager. The two localities launched a shared services program, and the councilmember, as chair of the oversight committee, wants feedback on his manager's efforts to support the initiative.

The councilmember seems sincere in his effort to obtain constructive feedback. The shared services effort has not been without problems. Looking

back on how her colleague addressed those challenges, the manager can think of several constructive comments she might offer on his performance. The manager should

- A. Prepare a written response to the request for feedback, send it to the councilmember, and then inform her colleague. After all, the guideline under Tenet 2 only requires members to let their colleagues know when they advise and respond to inquiries from elected officials of other local governments.
- B. Provide the councilmember with some feedback verbally and without attribution, which the councilmember can then use to generally inform during the performance review. This manager, after all, is only one of many stakeholders who will have the chance to provide feedback.
- C. Decline the request.

QUESTION 3: The city has a public sculpture in the downtown square that has been on temporary loan by the artist for several years. The sculpture is a good match for the square and is well liked by the public. Unfortunately, the tough economy has forced the artist to put the piece up for sale.

The city manager is thinking seriously about buying the sculpture and donating it back to the city. She has made donations to support city and community services over the years, most of which stayed under the radar. Given the nature of this item, it will be a pretty large gift and hard to keep quiet.

While the manager is not trying to get publicity, she would like to make the point with the public that



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city employees care enough about the places they work to give back to the community. The city manager should

- A. Forget about making the donation since it would be perceived as an attempt to garner favor with her bosses, namely, the council.
- B. Make the donation through a third

party so that it would be totally anonymous.

- C. Make the donation but acknowledge publicly that she did so. **PM**



MARTHA PEREGO

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ANSWERS TO THE ETHICS QUIZ

QUESTION 1:

Correct answer: C. There is a level of uncertainty and ambiguity that goes along with being in a professional transition not of your choosing. While many decide to get back in the game, some former managers are open to other professional opportunities in the private or not-for-profit sector.

Since a member in transition is not working for local government, technically he or she needs to follow only Tenets 1 and 3 of the ICMA Code of Ethics. Otherwise, it would raise an ethical issue to be a city manager working on behalf of a candidate's campaign.

If a member in transition is actively looking for a position in local government and would return if given the opportunity, he or she ought to follow the entire Code of Ethics. That means not engaging in any activity while in transition that might cause a future governing body or colleague to question their commitment to the Code of Ethics. If the member was certain that his future was not in local government, then he would be free to accept this assignment.

QUESTION 2:

Correct answer: C. The guideline under Tenet 2 states "When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities." Read literally, it seems to only require one colleague to tell the other when they have advised the other's councilmembers.

But the true intent of the guideline is to avoid the contact entirely as it can undermine a colleague and interfere with

the person's ability to manage his or her organization. Providing feedback on performance in an unstructured way and without being invited to do so by their colleague violates the core principle of the guideline.

The manager should decline the councilmember's request and let the councilmember know that she has an obligation to discuss this matter with her colleague. Obtaining feedback from another local government manager can be appropriate but as part of a formal 360 performance review, where the selection of external respondents is guided by the incumbent manager.

QUESTION 3:

Answer C (maybe B). Donating a piece of sculpture to the community may be unusual, but there are countless examples where city and county managers donate time and money to great community causes. In all of these instances, the decision on what to support and at what level is a personal choice.

But when living a public life, the motives behind such acts will certainly be scrutinized. The suggestion that the manager might be trying to garner favor with the city council is a bit of a stretch here since there is no direct link between the council and the sculpture. This is a gift to the community as a whole.

Anonymity can be difficult to preserve in public transactions. It's probably best to readily disclose the donation rather than to keep it private and cause some to wonder why you weren't willing to be public about it in the first place. In the interest of transparency, you should be willing to acknowledge that you made the donation.

HOW DO YOU BRIDGE THE GAP BETWEEN YOURSELF AND AN ELECTED OFFICIAL WHO HAS A DIFFERENT VISION THAN YOU DO?



OPAL MAULDIN-ROBERTSON
City Manager
Lancaster, Texas
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Elected officials set policy and develop a vision statement for the community with input from residents and staff. I view my role as manager as implementing and administering the programs and services necessary to achieve the vision.

When an elected official has a different vision for how implementation and administration should occur, I use my city's strategic plan, charter, and council policies, along with *communication*, to bridge the gap.

I believe communicating early and often keeps elected officials feeling connected and a part of the process.



SEAN QUINN
City Manager
Fairfield, California
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As city manager, I have at times a different vision than city councilmembers. I take time to listen, understand their vision, and ask questions to find commonality. My role is not to impose my vision on them but to facilitate dialogue, bring forward recommendations, and implement a shared vision.

I must understand each councilmember's perspective before I offer alternatives or recommendations. It is then important to try and build a shared vision. Remember that vetting your different visions may lead to a better outcome than either alternative.

Regardless, it is important for councilmembers to have ownership in the outcome, so everyone can feel they had a part in the final decision. Your job then is to implement the collective vision.



ALEXA BARTON
City Manager
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For me, bridging the gap between an elected official and myself consists of fact finding, citizen consensus, common ground, and collaboration. Typically when I have a different vision from an elected official, which may be caused by a variety of reasons, I've found that "drawing a picture"—based upon available information and fact-finding research—is very helpful.

After all, it's difficult to argue the facts and truth. From there, if our vision is still different, an alternative analysis is helpful, that is, considering varying outcomes to differing scenarios.

Sometimes it is difficult to foresee what may be around the corner. However, if there are available "what-if" scenarios, we may not agree but will both come to the understanding that while we may have a gap in vision, our goal is the same—trying to reach a consensus on what is best for our city.

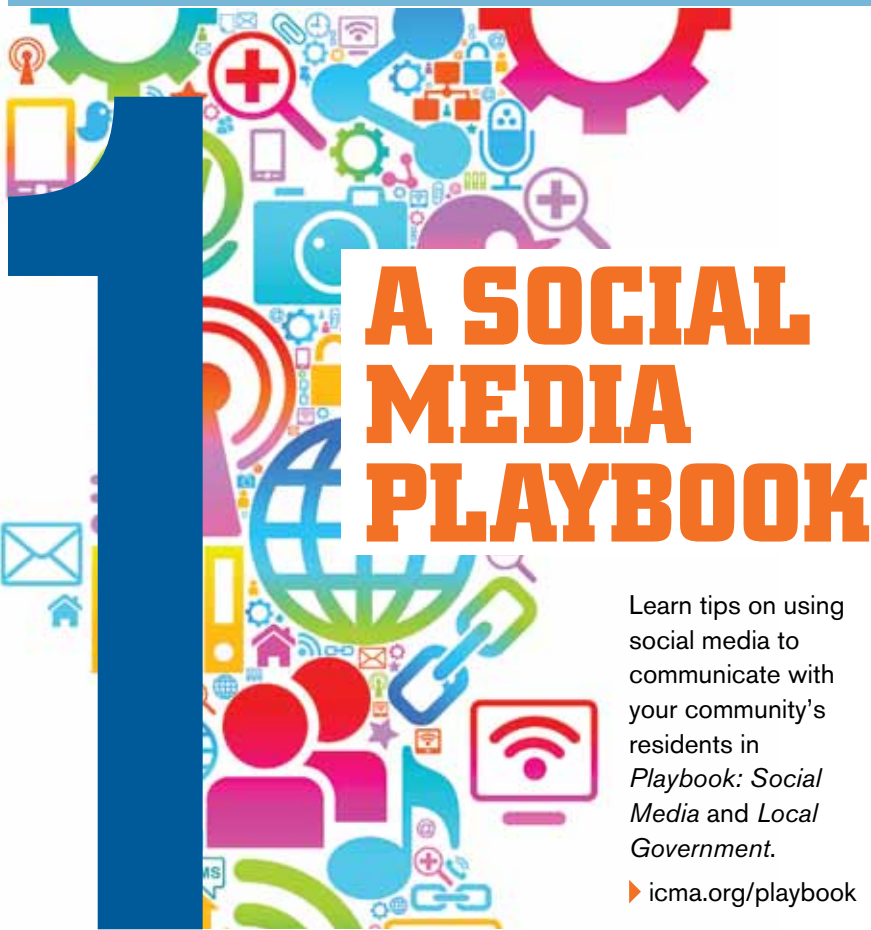


SIMON FARBROTHER,
ICMA-CM
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As the governors, city council sets the vision for the city. They determine the community's strategic goals and aspirations. Our job as administrators is to bring that vision to life.

While there shouldn't be a difference in vision between city council and a city manager, there may be occasions when our values and ethics differ from elected officials. While we want to hold on to our personal conviction, my advice is to try to bridge the gap by identifying the issue. Listen to understand the facts and separate them from emotion.

If you cannot make a connection, perhaps because of a personality conflict, ask others--administrators, other councilmembers, or community influencers--to work through the issue on your behalf. You will need to commit to live with the result. **PM**



A SOCIAL MEDIA PLAYBOOK

Learn tips on using social media to communicate with your community's residents in *Playbook: Social Media and Local Government*.

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U.S.-CHINA ECOPARTNERSHIP

As a new participant in the U.S. Department of State's EcoPartnerships program, the ICMA China Center will promote the exchange of best practices and innovations to meet the energy and environmental challenges that both countries face.

The center was established jointly by ICMA and the China University of Political Science and Law.

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3 NEXT GEN ANTHOLOGY

This collection of *PM* articles, years 2003 to 2011, is part of ICMA's ongoing efforts to prepare the next generation of local government managers.

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DIGITAL INCLUSION

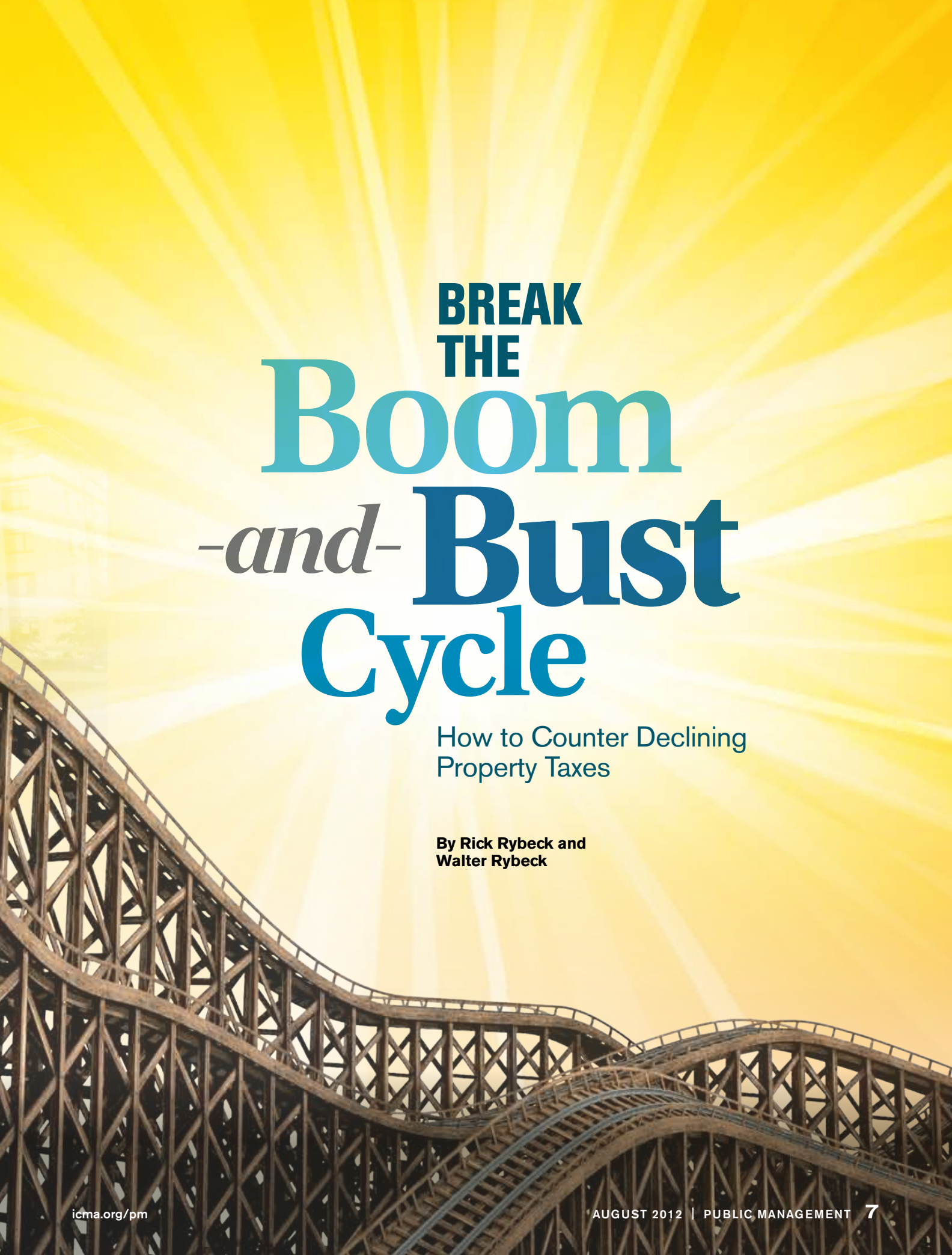
Building Digital Communities: A Framework for Action provides a resource for digital inclusion planning, with a vision, principles, goals, and strategies.

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TAKEAWAYS

- › With the federal government unable to come to their rescue, local governments must rely on their own resources.
- › Utilization of value capture can generate more revenue with less roller-coaster volatility.
- › Reducing taxes on privately-created building values can strengthen businesses and increase employment.



BREAK THE **Boom** *-and-* **Bust** **Cycle**

How to Counter Declining
Property Taxes

**By Rick Rybeck and
Walter Rybeck**

The widespread reduction in property tax yields created by the real estate bust is grim news for local governments because this tax remains their major revenue source. It is our contention that reforming the property tax can set communities on a path that generates jobs, reduces sprawl, expands affordable housing, and attacks a root cause of boom-and-bust cycles.

Traditional property tax incentives are upside-down. They impose higher taxes on owners who construct or improve homes and commercial structures. They reduce taxes for owners whose buildings deteriorate. Owners of boarded-up buildings and vacant lots typically pay lower taxes than owners of well-maintained properties.

The tax penalty on buildings is easily underestimated. Property tax rates, typically set at 1 or 2 percent of value, seem modest. Unlike a one-time sales tax, however, the tax is levied year after year. Over the life of a building, the building tax can be equivalent to a whopping 10 to 20 percent sales tax.¹ This cost barrier explains why many developers launch major projects only after first obtaining property tax abatements.

Transforming Taxes into Fees

A number of Pennsylvania localities whose tax revenues declined as industries died, turned the perverse property tax incentives right-side-up. They put their treasuries back in the black, spurred economic activity, and revived their downtowns by adopting a *two-rate tax*, reducing tax rates on buildings and raising them on land values. This stimulated construction and rehab of homes and office buildings.²

If taxing buildings makes buildings more expensive, don't higher land taxes make land more expensive? The answer is "No." Land taxes actually cause land prices to fall.³

To avoid high taxes on construction and to exploit relatively low taxes on land values, many owners take sites off the market, waiting for population growth, improved public infrastructure, or development subsidies to enhance the value of their land. This causes a scarcity of available development sites, pushing land prices up further. Expectations of gains from real estate speculation become a self-fulfilling prophecy—at least initially.

As more people pursue profits from land price appreciation rather than from productive enterprises, potential developers and home buyers get priced out of the market and

the bubble collapses. Land speculation fuels the real estate boom-and-bust cycles that bring the economy and local governments to their knees.⁴

Higher land taxes discourage land speculation by making it less profitable. Prior to the Great Depression, there was a nationwide real estate boom and bust. Not surprisingly, land values in major U.S. cities declined drastically. Between 1930 and 1940, land values declined in New York, 21 percent; Milwaukee, 25 percent; Cincinnati, 26 percent; New Orleans, 27 percent; Cleveland, 46 percent; Los Angeles, 50 percent, and Detroit, 58 percent.

But Pittsburgh adopted a two-rate property tax in 1914. As evidence that this reform reduces speculation, Pittsburgh's decline in total land values was only 11 percent between 1930 and 1940.⁵

The potency of the two-rate tax was also seen in Pennsylvania's Monongahela Valley where adjacent Duquesne, Clairton, and McKeesport suffered from the steel recession of the 1970s and 1980s. New construction came to a standstill as plants closed and unemployment rose. McKeesport responded by adopting a two-rate tax. Building permits immediately began to increase. Would this have happened without the reform? Unlikely. Construction continued to decline in Clairton and Duquesne.⁶

High urban land costs after World War II began driving most new growth out of central cities to cheaper suburban sites. Yet Pittsburgh experienced downtown revitalization with dramatic new corporate headquarters along with a large increase in home and business structures throughout the city. After taxing land at six times the rate on buildings in the late 1970s, the increase in downtown development outpaced its suburbs.⁷

Pennsylvania's capital city used this technique to regenerate its downtown after flooding from Hurricane Agnes in the 1970s left thousands of vacant properties. Harrisburg saw redevelop-

ment of almost all idle central city lots over a 15-year period.⁸

Growth in the urban core instead of in surrounding farmland is what smart growth proponents urge but seldom achieve.⁹ Higher land taxes will create a strong economic impetus to develop high-value sites.

Such sites tend to be near existing urban infrastructure amenities. Growth on these infill sites avoids the costly duplication of facilities when growth occurs at the urban fringe. Reducing sprawl preserves rural land for agricultural, recreational, and conservation uses.

Value Capture

Land values stem in large part from public amenities—schools, roads, parks, fire and police protection, and the rest. Taxing those values serves as a *value capture* instrument.¹⁰ Like a user fee, owners pay in proportion to the

advantages that public amenities bring to their sites.

Consider mass transit that boosts land values around transit stops.¹¹ These publicly-created values could fund transit construction and operations¹² but typically provide windfalls to a few private landholders instead. Failure to employ value capture techniques often requires fare hikes and service cuts that reduce transit ridership,¹³ exacerbating the congestion and air pollution that transit is designed to mitigate.

A two-rate tax recaptures and recycles publicly-created land values to make transit and other infrastructure financially self-supporting. It also provides an incentive for transforming vacant lots and boarded-up buildings into more affordable housing or commercial space. It allows all property owners, large or small, to make improvements without incurring a tax penalty.

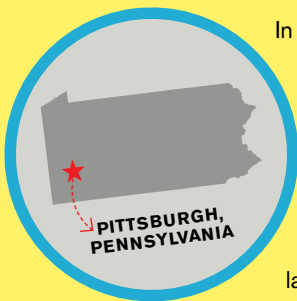
Joshua Vincent of the Center for the Study of Economics calls this reform a “universal abatement.” It lets a majority of homeowners enjoy lower taxes than under the conventional system.¹⁴

Ending the tax bias against both residential and commercial buildings opens the way to jobs in construction, energy conservation, home furnishings, and related fields.

A Recovery Strategy

With apologies to Shakespeare: To tax or not to tax, that is *not* the question. *How* to tax, that is the question. Officials need to minimize taxes that obstruct job creation, affordable housing, and wholesome urban growth, and to choose taxes that positively support these essential purposes or at least do not hinder them. Property

How Pennsylvania Cities Got the Two-Rate Property Tax



In 1913, Pittsburgh Mayor William Magee asked the state legislature to let the city gradually reduce property tax rates on buildings while increasing rates on land values. The legislature in Act No. 147 of that year passed an enabling law for “cities of the second class”—a population designation for Pittsburgh

and Scranton. Major companies like Heinz and Westinghouse supported the measure.

The city became the poster child of the two-rate tax movement for three-quarters of a century. Its vitality inspired the national urban renewal program, though federal and local policymakers neither understood nor tried to replicate Pittsburgh's property tax modernization.

In 1951, Act No. 299 enabled most other Pennsylvania cities to use this reform. Today, 13 cities, two school districts, one borough, and Pittsburgh's downtown improvement

district employ the reform. In each jurisdiction this led to an increase in urban development and renovation, with no advance consequences reported.

Unfortunately, the city of Pittsburgh reverted to the conventional property tax in 2000 after an overdue but botched reassessment created widely irregular land assessments, underscoring the importance of fair and accurate assessments.

Modernizing the property tax is not magic. It requires extensive public education and careful administration. Features of an equitable property tax—in both the conventional and land tax form—include the following:¹⁵

- Annual or frequent reassessments.
- Separate assessment of land and improvements.¹⁶
- Appraisals at 100 percent of current market value.
- Assessments by professional appraisers.
- Open assessment books available to the public.
- Inexpensive and easy appeals processes.

Most states have a uniformity clause in their state constitution. Depending upon how it is written and interpreted, local governments might need either permissive state legislation or a constitutional amendment (or both) to implement this reform.

tax reform meets this criterion and should be a high priority.

Localities are in a revenue bind. The federal government, stymied by dwindling resources and gridlock, cannot come to the rescue. Local and state govern-

ments must find their own solutions. By shifting taxes off buildings, jurisdictions in effect will advertise to residents and the business community: fix up your house, build a store, or put up a factory without fear of tax increases!

The resulting economic stimulation will help restore the local economy and boost the tax base. Localities that pioneered this reform reveal that it works.

It offers local governments a way to overcome the hurdles imposed

on them by the real estate market collapse and to reduce the severity of future boom-and-bust cycles. **PM**



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ENDNOTES

1 A net present value calculation is used to collapse this stream of payments into a one-time payment.

2 Described in *Public Management (PM)* article, "Retooling the Property Tax," March 2010. <http://webapps.icma.org/pm/9202/public/cover.cfm?author=walter%20rybeck&title=retooling%20property%20taxes>.

3 Paul A Samuelson, *Economics*, McGraw-Hill, 9th Edition, 1973, p 563. Taxes on goods of variable supply are a cost of production. (Land is not produced.). Because there will be no less land in existence after the tax is imposed, there is no economic impetus for its price to increase. Adam Smith in 1776 explained: The more taxes a buyer had to pay for a plot of land, "the less he would incline to pay for the ground." *The Wealth of Nations*, Random House, New York, 1937, p.976.

4 "Affordable Housing as Infrastructure in the Time of Global Warming" by James A. Kushner, in *The Urban Lawyer*, Vol. 42 No. 4 / Vol. 43 No. 1, Fall 2010 Winter 2011, p 207, crediting real estate speculation as a significant cause of the 2007 financial melt-down.

5 "Pittsburgh's Pioneering in Scientific Taxation," Percy R. Williams (Pittsburgh's Chief Assessor, 1934-1942), fn. 59. Republished as *The Pittsburgh Graded Tax Plan: Its History and Experience*, Robert Schalkenbach Foundation, New York, 1963. <http://savingcommunities.org/docs/williams.percy/gradedtax.html>. See also: "Why Pittsburgh Real Estate Never Crashes: The tax reform that stabilized a city's economy" Dan Sullivan at <http://savingcommunities.org/places/us/pa/al/pgh/nevercrashes.html>.

6 Steven Cord, *Incentive Taxation*, Columbia, MD., October, 1995. Clairton and Duquesne adopted this reform after observing its benefits in McKeesport.

7 Wallace Oates and Robert M. Schwab, "The Impact of Urban Land Taxation: The Pittsburgh Experience," *National Tax Journal*, Vol. 50, No. 1 (March 1997), pp 1-21. Appendix, Table 5, p 11. Pittsburgh's tax system contributed to it being one of only two rust-belt cities out of 15 to experience increased development during the period studied. The other city, Columbus, Ohio, showed more in-city growth because it had annexed its suburbs. <http://econweb.umd.edu/~oates/research/The%20Impact%20of%20Urban%20Land%20Taxation.pdf>.

8 Harrisburg Mayor Stephen Reed, in May 1, 2003 letter to Philadelphia Controller Jonathan Sidel noted that vacant lots had been reduced by 85% since adoption of property tax reform. <http://www.urbantoolsconsult.org/upload/City%20of%20Harrisburg%202%20tier%20tax%20rate.pdf> Harrisburg illustrates that property tax reform is no cure-all. The city was in deep financial trouble after its failed waste-to-energy incinerator left the treasury unable to pay off its bonded debt—a problem unrelated to the city's successful tax reform.

9 "Indicators of Smart Growth," Jason Sartori, Terry Moore and Gerrit Knapp, National Center for Smart Growth Research and Education, University of Maryland, January 2011. Ten years of implementing Maryland's smart growth program produced no statistically significant increases in infill development or reductions in suburban sprawl.

10 Rick Rybeck, "Using Value Capture to Finance Infrastructure and Encourage Compact Development," *Public Works Management and Policy Journal*, Vol. 8, No. 4, April 2004, pp. 249-260. See Wikipedia at http://en.wikipedia.org/wiki/Value_capture.

11 "Metrorail Impacts on Washington Area Land Values," Banking Finance and Urban Affairs Committee, House of Representatives, Washington, D.C., January 1981. The D.C. area Metro had generated \$2 to \$3.5 billion worth of new land values,

more than Metro's land acquisition, construction, and operation costs up to that time. Discussed in "Transit-Induced Land Values: Development and Revenue Implications," *Economic Development Commentary*, Vol. 5, No. 4, CUED, October 1981.

"Applying Value Capture in the Seattle Region," Thomas A. Gihring *Journal of Planning Practice & Research*, Vol. 16, Nos. 3-4 (Winter, 2001): 307-320. The study demonstrates how a city-wide land value tax (LVT) plus a gains tax within a transit zone to tap rising site values due to a proposed light rail line can raise \$118 million, exceeding the \$80 million estimated construction cost of the line.

12 "Financing Transit Systems through Value Capture: An Annotated Bibliography," Jeffery J. Smith, Thomas A. Gihring, Todd Litman, and Victoria Transport Policy Institute, 27 May 2012. <http://www.vtpi.org/smith.pdf>.

13 "Transportation Elasticities: How Prices and Other Factors Affect Travel Behavior," *TDM Encyclopedia*, Victoria Transport Policy Institute, Updated 16 March 2011, http://www.vtpi.org/tdm/tdm11.htm#_Toc161022586.

14 "Real Property Tax Rates for Tax Year 1992," Pro-Housing Property Tax Coalition Council of the District of Columbia, June 21, 1991. Testimony compared a) existing D.C. property tax rates with b) rates that reduced taxes on buildings and increased taxes on land values while producing identical revenue. Homeowners in all residential neighborhoods paid less under option b.

15 *Improving Real Property Assessment: A Reference Manual*, International Association of Assessing Officers, Chicago, 1979. W. Rybeck was a project advisor for this work.

16 David Brunori and Jennifer Carr, "Valuing Land and Improvements: State Laws and Local Government," *State Tax Notes*, 25(14) (2002).



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RESIDENT ENGAGEMENT REAPS

Rewards

Technology provides productive ways
to reach out to residents

Even local governments highly committed to resident participation can find it difficult to identify the engagement activities that meet the needs of most of their residents. With busy work and home schedules, residents often have little time for meetings, and some prefer to have electronic information pushed out to them rather than having to seek it out.

Results from ICMA's 2011 E-democracy/E-participation survey showed some interesting electronic approaches that local governments are using to meet the needs of their constituents.

Southlake, Texas

Transparency is important in increasing trust in government. One of the impressive steps that the city of Southlake, Texas (population 26,575), took in releasing the results of its resident surveys is to post all of the comments online, including critical comments.

By doing so, the city makes clear to residents that the council and staff are aware of the issues that have been identified and will be accountable for addressing them. As City Manager Shana Yelverton explains, "It seemed only natural to post the comments; they are part of the survey responses."

The staff is careful not to let one or two negative comments detract from an overall positive score because they are not reflective of the community. In one case, staff called one resident who had a customer service complaint and had provided a phone number within the survey. The phone call resulted in some in-service training for staff and reestablished the commitment between staff and the resident.

Because the survey is online, city staff was attentive to accessibility from the outset. Alison Ortowski, assistant to the city manager, described the outreach that city staff extended at both the senior center and the library to make sure users had a positive experience.

In addition, a question was included about the respondent's type of Internet access. Ninety percent reported a high-speed connection. The city needed 450 participants for statistical validity, and 805 were received. The results were geo-coded to help the city better understand the concerns of a particular neighborhood.

Seeking input for a neighborhood forum program. Another example of a partnership that the city has with its residents is the Southlake

TAKEAWAYS

- › It's the role of local government to offer engagement opportunities that appeal to a broad range of community members.
- › It's important to monitor and participate in the online conversation.

Program for the Involvement of Neighborhoods (SPIN). SPIN is an effort to facilitate communication back and forth between neighborhoods and city staff and between residents (see Figure 1).

Beginning in 1993, a proliferation of neighborhood groups began seeking information on development projects. So the council passed an ordinance to put SPIN in place. SPIN's volunteer representatives host forums and attend regular meetings to discuss issues important to the neighborhoods such as requests for zoning exceptions and modifications to existing structures.

Reports on each SPIN meeting are posted online with details about the proposed changes, detailed plans, and other supporting documents provided for anyone who is interested (see Figure 2). SPIN representatives learn about and in turn help neighbors understand how the city operates. In the years since SPIN's inception, these representatives have become extremely knowledgeable about the city's development process. In some instances, a SPIN representative is able to schedule a meeting with a developer and collect neighborhood input before the issue comes before the council.

Recently, Southlake was faced with the highly contentious issue of gas drilling. Once again, the city used technology to give residents the ability to submit questions online. Those questions were then given to either the city attorney or the city council for review before the meeting. For more than two hours, the questions were answered one by one.

The outcome? Several months later, one site was approved with strict conditions, and the other was denied. In the end, due to a drop in gas prices, the gas companies withdrew their application for the approved site, which has not been used; there is currently no drilling within city limits. The good work of the SPIN representatives facilitated an informative meeting with detailed information and minimal contention.

Using social media for outreach.

In another example of a technology partnership between the city and resi-

As online engagement increases, local government staff are aware that there is no one perfect method of engagement. People like to receive information and participate in different ways, and it's the role of local government to offer opportunities that will appeal to a broad range of community members.

dents, the city is also using Facebook, Twitter, Flickr, an automated phone and e-mail system, and cable TV to connect with residents.

Launching a digital newsletter. In 2010, the city launched a digital newsletter called MySouthlakeNews.com in order to provide news-now information on projects and city events.

"These are just some of the examples of how we use our resources to keep residents informed," says Yelverton. "We've worked hard to create several different platforms so that residents can engage."

Kansas City, Missouri

With two electronic initiatives, Kansas City, Missouri (population of 459,787), has demonstrated its commitment to resident participation. Two online initiatives developed by the city planning and development department and the city communications department offer enhanced opportunities for solution-oriented discussions.

Hosting an online town hall for development plans. Designed as an

electronic town hall, the "Plan Kansas City" Web site is interactive and fun to use. Each geographic area that has a plan in development is highlighted. By clicking on the highlighted area (see Figure 3), residents can submit their ideas for the plan.

Rewards are available for those who contribute the most practical ideas and comments. Ideas range from malls and mixed-use development to storm shelters, sidewalks, and more affordable housing.

The "back end" of the Web site shows participation by zip code, so not only can city staff see whether the people who live in the neighborhood are the ones responding; they can see by zip codes the distribution of responses within the neighborhood. This enables city staff to identify a zip code that shows a low level of input and reach out to those residents. The tool also allows staff to see where a particular concern is concentrated.

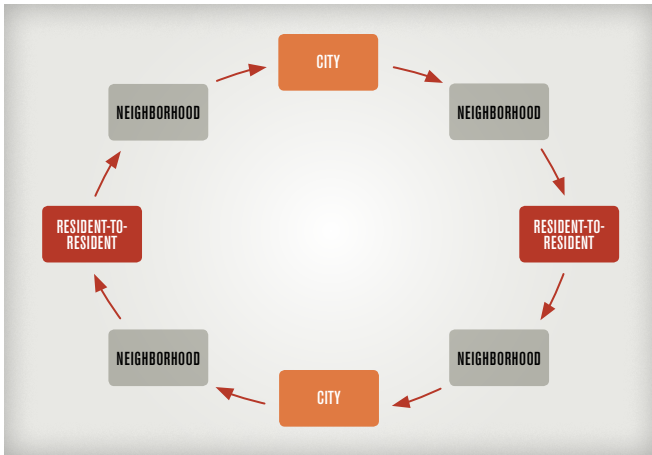
Soliciting community ideas. KC-MOomentum is an online initiative that solicits comment and ideas from the community about new or existing programs. City staff invited neighborhood residents to see the online tool and learn how to use it. Dennis Gagnon, director of communications, explains that some residents made it clear that they preferred in-person meetings to online communication. In response, the city offers in-person meetings as well as online discussions.

The city recently posted this question: "What kind of information on the city's website would benefit start-up businesses?" Several people responded with specific suggestions and others seconded those suggestions.

In addition, there's an option to "improve this idea," so that people can build on each other's suggestions. Staff were surprised that not many people responded to a question about small business needs, but lots of discussion was generated about broader zoning issues (see Figure 4).

Everyone who uses the online tools must register. When a new topic is intro-

FIGURE 1. SPIN Communication Loop.



Source: Evelina Moulder.

FIGURE 2. The Public Webpage for the SPIN Program.



Source: www.cityofsouthlake.com/index.aspx?nid=825.

FIGURE 3. Online Discussion Forum.



Source: Permission to use from Dennis Gagnon, director of communications, Kansas City, Missouri, May 2012; www.kcmomentum.com.

FIGURE 4. Screenshot of Plan Kansas City Neighborhood Website.



Source: Permission to use from Dennis Gagnon, director of communications, Kansas City, Missouri, May 2012; www.plankmo.com.

duced, a blast e-mail is sent to everyone who has registered. Although it has not been able to include interest areas in the registration process, the city has been able to work with groups that targeted e-mail lists, including the parks and recreation department and the chamber of commerce, to publicize new topics of interest to those audiences.

The bottom line, explains Gagnon, is that KCMomentum and Plan Kansas City are social media tools and must be treated as such, and he says, "It's important to monitor and participate in the conversation." This was reinforced when city staff solicited ideas about one topic and found that people were asking for things the city was already doing.

Staff jumped into the conversation and pointed out that the services already existed. Staff also learned that they needed to do a better job of publicizing them.

As online engagement increases, local government staff are aware that there is no one perfect method of engagement. People like to receive information and participate in different ways, and it's the role of local government to offer opportunities that will appeal to a broad range of community members.

As stewards of representative democracy, local government staff members are reaching out to community members in new and different ways while maintaining approaches that have proved successful over time. **PM**

The Electronic Government 2011 survey, also referred to as the E-participation/E-democracy survey, was mailed to all city-type governments with a population of 2,500 or greater and to all county governments that have either elected executives or appointed managers. An online option was also provided. The survey response is 28 percent. The survey is in collaboration with Dr. Donald F. Norris, Dr. Christopher Reddick, and ICMA. The data are proprietary.



EVELINA MOULDER is director of survey research, ICMA, Washington, D.C. (emoulder@icma.org). The author thanks Shana Yelverton, city manager, and Alison Ortowski, assistant to the city manager, Southlake, Texas; and Dennis Gagnon, director of communications, Kansas City, Missouri, for their contributions to this article.

ULTRALAND

By Clay Pearson and Bill Hammon

Resilience in the face
of ultrachallenges

JAPAN

On a first trip to Japan three years ago to look at the country's local government structure and community-building activities, one coauthor, Clay Pearson, came away talking about impressions of the land of ultras: **ultraclean, ultrasafe, ultraprompt, ultratasty, and ultracohesive.**

A return to Japan with the ICMA International Committee in April 2012 for a work study and meeting did nothing to diminish that characterization, even following the epic earthquake and tsunami disasters and subsequent Fukushima nuclear reactor problems of March 2011. We heard how the Japanese have planned for and now cope with such significant widespread disaster. The prefectures of Japan have developed individual 10-year plans to recover, rebuild, and improve because 10 years is a realistic timeframe for a disaster of such scale.

International committee members met in Tokyo for a series of meetings with the Tokyo Metropolitan Government, the home office of the Council

of Local Authorities for International Relations (CLAIR), and the National Ministry of Internal Affairs and Communications. Participating ICMA members from around the United States, Canada, and Slovakia attended with logistical support from ICMA but underwrote their own attendance. ICMA President-elect Simon Farbrother, city manager, Edmonton, Alberta, Canada; ICMA Vice President Peter Agh, city manager, Novezamy, Skovakia, and International Committee Chairman Mark Watson, city manager, Oak Ridge, Tennessee, led the delegation throughout the week.

The ICMA Japan tour was arranged and supported by CLAIR headquarters in Tokyo and the Japan Local Government Center in New York and the CLAIR staff who stayed with our group during the entire visit.

Tokyo is a city of 13 million people that runs like clockwork. Trains, commerce, connections, and deliveries are ultrasmooth. The Tokyo government is a uni-government, encompassing traditional state, county, and city functions under one umbrella. It works well.

The vice governor for the consolidated Tokyo Metropolitan Government hosted us in its massive towered government offices; ultragood hospitality and generosity remained a hallmark even at these high levels of government. We were also hosted for a meeting series with the Ministry of Internal Affairs and Communications and the Japan Association of City Mayors. The Association of City Mayors functions much as the National League of Cities in the United States, providing a forum for local elected officials to meet and confer.



Ultrahospitality and Ultraefficiency

While the local government managers in our travel group marveled that every pavement striping and asphalt work looked like it had just been newly completed, the people of Tokyo moved with ultragrace and welcomed us with ultrahospitality. You can guess the adjective for the speed and efficiency of the *Shinkansen* bullet train that took us from Tokyo to Sendai City in the Miyagi Prefecture. Yes, ultrafast!

The bullet train's two-hour ride (driving takes more than five hours) is part of a nationwide network that has operated for more than 50 years without incident. Trains leave spot-on at the appointed time, the cars glide across the countryside up to 180 miles per hour, and the carriages are clean and well-served.

Zippering by parts of the country that represent the third largest economy in the world, one keeps in mind that all this has been achieved since rebuilding began in 1945. In just over 65 years, Japan has transformed itself from desolation and destruction to a leading democracy.

Japan's democracy is real; there are (too) frequent changes in national prime minister leadership. There is continuity with the public service sector, extending into the local governments.

There are not city managers in the traditional ICMA sense. Public servants are part of a system with an elected mayor as chief executive officer, per the national constitution. The local officials tend to stay with their jurisdictions for their working careers, rotating among jobs in often large units of government.

The CLAIR program provides an opportunity for those local officials to work outside of Japan for up to three years, learning best practices at one of seven offices around the world. ICMA has a long positive working relationship with the CLAIR office in New York. Many of the CLAIR staff members who have attended ICMA conferences were able to renew friendships during the International Committee visit.

Setting Sights on Recovery

Sendai City is the capital of Miyagi

Prefecture, which endured the greatest direct damage and suffering from the March 2011 tsunami. Even though Japan emergency preparedness is "tops in the world," the scale of the disaster remains daunting, even as the recovery has accomplished so much.

One measure is the debris. There are mountainous piles of neatly sorted materials along the coastline. There is as much debris to dispose as the prefecture would normally produce in 23 years. There are an estimated



ABOVE: ICMA International Committee members meet Miyagi Prefecture officials.

LEFT: Sendai Airport Executive Director Teruo Odaira. Former residential areas outside the airport are barren after the tsunami.

250,000 housing units to replace. Such scale would make most despair, but not the Japanese.

We met with Miyagi Prefecture officials who shared their 10-year recovery, reconstruction, and improvement plans. There was ultrafocus and ultracooperation. We realize that these official briefings are the packaging and planning. There are obviously going to be skirmishes between the local governments and the national government about resources and direction.

One just gets the sense that the selfless cooperation will make this recovery work. Sendai City, a city of more than 1 million people, which has its center several miles inland, is bright and bustling still. The city is quite large and does have coastal areas, but the central business district was unaffected directly by the encroachment of sea water.

The chilling site visit included a trip to the Sendai Airport. The airport was one of the countless tsunami videos made public in the wake of the disaster. The airport is just a couple of miles from the seacoast



and images showed the mass of water and debris sweeping across it.

Yet, the airport reopened within four days for relief flights and then commercial flight resumed within one month. Many times there was appreciation expressed for the support of the United States residents from the beginning of the disaster, especially the U.S. military's work at the airport to assist Japanese forces.

While the airport is refurbished and ramping back up to pre-disaster levels, the former residential areas are laid level.

Where there were housing and shops, there is cleared open land and an occasional wrecked fishing boat. There are no definitive decisions yet, but rebuilding housing this close to the coastline is likely not in the future. Whatever gets done, you know it will be ultraright. **PM**



CLAY PEARSON is city manager, Novi, Michigan (cpearson@cityofnovi.org), and **BILL HAMMON** is assistant city manager, Alcoa, Tennessee (bhammon@cityofalcoa-tn.gov). Check PM's website in August for comments from International Committee members.

BY MERRETT STIERHEIM

A SOBERING EXAMINATION

I felt a twinge of apprehension when I thought about writing a review of Michael Lewis's best seller *Boomerang: Travels in the New Third World*.

Lewis' book is a sobering examination of the reasons for and the effects of cheap credit and greed that had its origin in unregulated Wall Street financial centers—a situation that led to the terrible recession the United States and Europe are still trying to get out from under.

The architects of those incredibly complex credit default swaps on the subprime mortgage bond market set in motion a system where a minority of knowledgeable investors bet against the market and made a fortune while certain countries, institutions, and small, unwary investors bought into a system that was, overtly or covertly, designed to fail—and in which they were destined to lose big time.

This includes, of course, hundreds of thousands of ordinary citizens who bought homes during the boom. Lewis examines in some detail the financial collapses, like dominoes, in Iceland, Greece, and Ireland, which were financed by trusting German banks who naively believed in the integrity of Wall Street.

This, of course, occurred during this country's residential housing boom and subsequent collapse. Having its inception in the United States, *Boomerang* fittingly ends in California, offering us more than a passing glimpse into the consequences of irresponsible, unsustainable political decisions without regard to the ultimate implications and cost of those decisions.

A Necessary Downer

My initial apprehension stemmed from a concern that I not put public manager colleagues into a downer when they, by and large, are already stressed out by vacant homes, declining tax bases, high

unemployment, uninformed and unsympathetic state legislatures, unfunded liabilities including pensions, and a host of other local challenges.

Upon reflection, however, I've concluded that the book should be read not only by managers but particularly by their elected officials, governors, and state legislators as well as the powers that be in Washington, D.C. If nothing else they should read the last chapter on California titled "Too Fat To Fly."

In the final chapter, Lewis has a fascinating interview with then California Governor Schwarzenegger during a high-speed bike ride; then moves to an enlightening interview with well-informed San Jose Mayor Chuck Reed,

and ends in the bankrupt city of Vallejo, California, with Phil Batchelor, former interim city manager.

Lewis saved the worst for last. In Vallejo, when the day of reckoning finally occurred and bankruptcy proceedings concluded, the city's creditors received five cents on the dollar and employee pensioners, who lobbied for and helped precipitate the disaster, received 20 to 30 cents on their pension dollar.

Internationally, the small country of Iceland went into a free fall when three Icelandic global banks went bust with \$100 billion in irresponsible loan losses. That was equivalent to \$330,000 for every Icelandic man, woman, and child, not to mention tens of billions in personal losses.

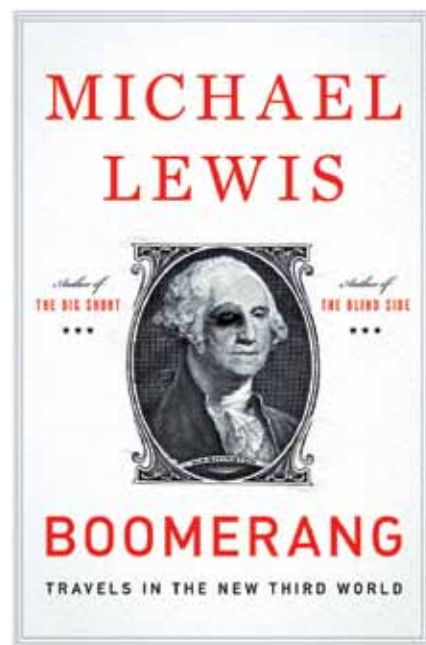
Like Iceland, three Irish mega banks also folded because of cheap credit and unjustified loan policies. Like giant pyramids of playing cards that were built on the euphoria of greed and fast money and lacked prudent financial justification, accountability, and regulation, the banks collapsed like Ponzi schemes ultimately always do, with great financial losses and personal suffering.

In Ireland, however, through a bumbling and questionable political decision, the Irish government took responsibility for that bank debt. Greece is another wild story, where tax evasion is a way of life, as are other egregious practices.

In an election year, for example, Greek tax collectors who try to do their jobs are reassigned into a back room so they can't generate adverse political consequences. The recent Band-Aid from the European Union hasn't solved Greece's fundamental problems, and we will continue to read about how this Grecian story unfolds, along with other shaky European countries that face serious financial challenges.

Dealing with the Dilemma

To his credit, Governor Schwarzenegger understood that California was the leading candidate for bankruptcy



Boomerang: Travels in the New Third World

By Michael Lewis, W.W. Norton and Company, Ltd., 2011, 224 pages, U.S. hardcover.

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CONTINUED FROM PAGE 18

among U.S. states. Initially, he tried to deal with the problem through the state legislature but failing that, he put four items on the ballot that, collectively, would have had a positive impact on the state's financial dilemma. Schwarzenegger had faith in the people's judgment that elected him, with close to a 70 percent approval rating, but he was proved wrong when California's voters resoundingly rejected all four proposals.

The city of San Jose, which enjoys one of the highest per-capita incomes in America, had gone from 7,450 employees to 5,400 when Lewis interviewed Mayor Reed, who statistically predicted that the city would have only 1,600 employees by 2014 because of the city's employee pension requirements. He then extrapolated his forecast to only one employee at some point in the future.

Talk about a doomsday prediction on quality-of-life issues from an informed

LEWIS'S BOOK IS A SOBERING EXAMINATION OF THE REASONS FOR AND THE EFFECTS OF CHEAP CREDIT AND GREED THAT HAD ITS ORIGIN IN UNREGULATED WALL STREET FINANCIAL CENTERS—A SITUATION THAT LED TO THE TERRIBLE RECESSION THE UNITED STATES AND EUROPE ARE STILL TRYING TO GET OUT FROM UNDER.

mayor! Currently, and quite apart from *Boomerang*, there are initiatives underway in California that may have significance to the issues described that bear watching.

Somewhere, somehow, America and its states, including local governments, must come to grips with fiscal reality and fiscal responsibility. We don't know when or if this will happen, but Michael Lewis's book offers an educational vehicle to that awareness.

My suggestion to fellow managers is that they read the book and decide for

themselves how best to use it—preferably as an educational tool for their elected officials, legislators, governors, union leaders, and others. If nothing else, the last chapter may well help managers make relevant and specific points when discussing critical issues facing their own local governments. **PM**



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12-06231



BY BARRY QUIRK AND JOHN NALBANDIAN

THE TRUST DEFICIT

It's time to narrow the democratic deficit and rebuild trust within communities

In addition to the economic deficits our governments struggle with, both in the United States and across Europe, local communities face two other fundamental challenges. First, there is a widening gap between those who govern and those whom they govern (i.e., between elected representatives and those who elect them). We refer to this as a “*democratic deficit*.”

And second, the wider fabric of background societal trust in which communities, businesses, and professions operate is becoming frayed, creating a societal “*trust deficit*.” In this article, we address each of these in turn.

The democratic deficit is brought into sharp relief during times of austerity, as established arrangements for public spending and service delivery are disturbed through the implementation of large-scale budget reductions. Elected officials are forced to make choices that may upset the expectations of some while reinforcing the ideological predispositions of others, transferring political battles from the national to local levels.

With this democratic deficit, we confront the fundamental prerequisite for effective governance connecting what is politically acceptable with what is administratively sustainable. When this gap or deficit grows, the legitimacy of government itself is at risk.

Bridging the Gap

In 2012, local government managers find themselves awkwardly located at the epicenter of this democratic deficit. Some are struggling to keep their administrations on the right side of solvency, while others are engaged in complex and sometimes heated community discussions between service interest groups and their elected councilors.

Bridging the gap between political acceptability and administrative sustainabil-

ity has created incentives to explore new forms of service delivery through, among other things, shared services, interjurisdictional collaborative networks, and new forms of outsourcing and cosourcing.

Similarly, local governments are trying to bridge the gap between political decision makers and residents who elect them through new forms of community engagement efforts. These are designed in part to reconnect governing institutions with the source of their legitimacy—residents themselves.

The second deficit we address is a more general “*trust deficit*” within communities and among residents themselves.

Societal Trust Is Critical

Despite wide variations in cultures and communities, the existence of high levels of trust between friends, acquaintances, and strangers can be observed in all human societies.

Trust is needed to oil the wheels of market trade and exchange; and trust is needed to ensure that families and communities bond with each other so that they can support each other during difficult times.

When general levels of trust in others—in the market place and in civil society—begin to corrode, the cement that holds our communities together loses its coherence and we can witness the emergence of fear, division, and segmentation. In the United Kingdom last summer, for example, the spontaneous outbreak of riots gave witness to, among other things, a severe breakdown of trust within communities and between young people and the police.

This happened across London and in other cities in England. In the United States, by contrast, we have witnessed an unprecedented rise in resident militia groups.

Rebuilding Community Trust

We all know that trust cannot be commanded, it has to be earned. We cannot simply expect people to trust each other. As individuals and institutions, we need to conduct ourselves in a trustworthy way so that we are inclined to trust one another.

You trust your dentist to attend to your toothache and your realtor to sell your home. And if you know them personally and are reasonably close to them, you may trust them in regard to other issues. But usually, the trust you place in others is highly specific to the competence you acknowledge them to possess.

Genuine trustworthiness with respect to government services has two further aspects: the presence of personal intimacy and the absence of self-orientation. People rarely place their trust in impersonal institutions or agencies that disregard those they serve or exhibit self-interest over the client's well-being.

In local government, well-run councils can lose the public's trust if the politicians fail to engage empathetically with their electors and if customer service is delivered in a disengaged or self-interested fashion.

Public leadership in challenging times requires a focus on reducing the economic deficit. But it also demands fresh attention to narrowing the democratic deficit; and it fosters new approaches to rebuilding trust within communities and between governments and the residents that they serve. **PM**



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TRAVELERS 

BY ROD GOULD, ICMA-CM

SANTA MONICA SERVES AS TEST SITE

Help available with new police chief selection

In December 2011, Santa Monica Police Chief Tim Jackman announced he would retire early in 2012. As city manager, I was determined to carry out a nationwide search and not be content to simply interview the usual list of candidates.

I had become aware that ICMA was doing work with industrial psychologists on the traits and characteristics that are essential for police and fire chiefs to be successful in local governments across the United States. This was intriguing to me, and I wanted to be sure that this recruitment was tailored to Santa Monica's unique needs.

After discussions with Leonard Matarese, director, research and project development, ICMA Center for Public Safety Management, I agreed that Santa Monica would serve as a beta test site for the association's Chief Selection Advantage service discussed in the accompanying article (page 23). It was agreed that Santa Monica's Human Resources Department would handle the mechanics of the traditional search, but ICMA would lead a more involved and analytical process to find the next chief.

Initial Action Steps

The first step involved ICMA's Center for Public Safety Management (CPSM) team reviewing hundreds of pages of reports, budgets, public information, and news articles on the Santa Monica Police Department. Next, ICMA's team interviewed 36 people over three days, including a ride-along with police officers and attendance at a shift-change briefing.

The interviewees included sworn and civilian members of the police department and representatives of the community, including neighborhood leaders, business executives, community

activists, faith community members, a newspaper editor, a councilmember, and a vocal critic of the department.

Based on the information gleaned, CPSM developed a profile of where the Santa Monica Police Department stood at the beginning of 2012 and what was unique about its chief's position. They also provided helpful advice and insights into the desired experience, style, and leadership characteristics of the next chief, as well as suggestions for possible policy and program improvements for the department as a whole. I shared this profile with the police department leadership, which stimulated some important introspection and frank self-assessment by the command staff.

Assessment of Applicants

We were fortunate to receive applications from some of the top law enforcement officers in the nation. ICMA and the International Personnel Management Association (IPMA-HR) provided our human resource staff with an analytical tool to allow us to internally assess and score the paper applications and to conduct the structured phone interviews necessary to whittle 66 applications down to seven for more rigorous evaluation.

An elaborate six-function assessment center was designed, involving people trained in how to objectively assess for the desired characteristics. These raters included some outside subject-matter experts, members of the city staff, and trusted community leaders. The assessment center tested applicants in a variety of realistic situations requiring command presence, communication (written and verbal), community and media relations, counseling, problem solving, and leadership during a crisis.

The Best Fit

The all-day assessment center yielded two finalists. It was an extremely demanding but fair test according to all who participated. In-depth interviews held the next day resulted in a clear choice. Police Chief Jacqueline Seabrooks was chosen to lead the Santa Monica Police Department.



Police Chief Jacqueline Seabrooks, Santa Monica, California

She began her career with Santa Monica as an officer and rose to captain in 25 years, and then became chief of police in Inglewood. That police department was struggling under multiple pressures, including high levels of crime, public distrust, a Department of Justice investigation, low morale, and numerous personnel issues.

Chief Seabrooks cleaned house, set professional standards, lowered the crime rate, improved community relations, satisfied the federal investigators, and coped with repeated budget cutbacks and a revolving door of city managers over four-and-a-half years.

Some people might have thought that she was chosen because of her Santa Monica roots. They would be completely wrong. Chief Seabrooks clearly was the best fit for Santa Monica as proven by the Chief Selection Advantage process. The rigorous, focused, and objective approach gives me great confidence in this outcome. **PM**



ROD GOULD, ICMA-CM, is city manager, Santa Monica, California (rod.gould@smgov.net).

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UPCOMING EVENTS

ICMA UNIVERSITY WORKSHOP

Asking Your Police and Fire Chiefs the Right Questions to Get the Right Answers

- **June 11** Washington, DC

APPLICATION DEADLINES

- **June 30** Leadership ICMA
icma.org/LEAD
- **July 1** Credentialing Program



IMPORTANT DATES

- **June 18** Registration and Housing Opens
- **July 27** First Registration Deadline
- **September 7** Second Registration Deadline

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BY SHANE PITTMAN, NEIL REICHENBERG, AND LEONARD MATARESE

NEED SOME HELP WITH THAT NEW CHIEF SELECTION?

FOR SEVERAL YEARS, representatives of ICMA and the International Public Management Association for Human Resources (IPMA-HR) have served as members of the advisory board for a federally funded project that identifies core competencies needed to be a successful police chief. After participating in this project for several years, it became clear to both ICMA and IPMA-HR that the current processes most local government managers and HR directors used to select both police and fire chiefs were not meeting community needs.

This resulted in a selection process that did not clearly identify the true skills and abilities needed. In discussing these issues with members of the respective associations, an alternative strategy was identified to help in the selection process.

Building on past joint efforts, ICMA and IPMA-HR decided to collaborate with the goal of assisting local governments in the chief selection process. The firm selected as their technical advisers: the Pittman McLenagan Group, L.C., experienced in employment assessment and selection.

Identifying Core Competencies

This ICMA/IPMA-HR/PMG partnership embarked upon a major effort to identify the core competencies in terms of their importance and impact on performance as a police or fire chief.

Job analysis surveys were administered electronically by the Internet. For the police chief survey, some 400 responses were captured and 300 were captured for the fire chief survey. These respondents represented a range of jurisdiction and department sizes, and this demographic turned out to be an important data point.

The partnership found differences in the competency sets required of the chief

positions based on population size of the jurisdiction. Interestingly, the finding can be interpreted to refute a commonly held belief that a police or fire chief who has been successful in one jurisdiction is prepared for success in another.

The partnership also found that the difference between one jurisdiction's size and another's is enough to identify a different set of competencies necessary for success, which means that the "one size fits all" approach of the past may not produce the optimum outcome in terms of chief selection.

An approach that considers the differences based on local government size as well as other considerations is more likely to produce a good selection outcome.

Based upon the survey outcomes, a series of assessment tools was developed to address the critical competencies. These tools include resume scorecards; behaviorally based interview questions and scoring guidelines; and simulations geared toward addressing such critical competencies as management skills, community relations, and strategic planning.

Putting the Information to Use

The alliance decided that to make this information usable, in so doing we have developed a service that would allow localities to take advantage of this research-based approach to select police and fire chiefs and customize it to their jurisdictions.

Titled Chief Selection Advantage, this is not the traditional recruiting / selection service offered by consulting firms. Candidates are not recruited, and ICMA doesn't participate in rating or selecting them. Short lists are not created or in any way injected into the selection process.

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A local government is capable of conducting sophisticated selection processes itself if the tools and professional expertise are available. The alliance also has the unique capability to assess the police or fire department in advance of the selection process, identifying challenges that the new chief will face. That information is critical to identifying the skills and abilities needed in the successful candidate.

Using the Right Process

The process of selecting a police or fire chief should be carefully considered using research and best practices to ensure the right process is used. You would think that today, science and proven methods would predominate. Unfortunately, the opposite is true. Many chief selection decisions are highly

unstructured and based mostly on emotions. In fact, the primary professionals responsible for executive recruitment and selection typically rely on unstructured interviews and reference checks in making their decisions.

Perhaps not so amazing is the fact that these are the types of tools that inhabit the low end of the validity continuum.¹ Using less predictive tools makes it more difficult to gather relevant, valid, reliable data and thus, more difficult to make a good decision.

The proper research—understanding the organization, analyzing the job, focusing the assessment tools, effectively implementing the process—all serve to

increase the ability to predict success and the validity of the process. This could not be more important than when selecting the person to lead and drive a police or fire department. **PM**

ENDNOTES

- 1 Howard, A., (2001). Identifying and assessing, and selecting senior leaders. In S.J. Zaccaro & R. Klimoski (eds.), *The nature and context of organizational leadership* (pp. 305-346). San Francisco: Jossey-Bass.

Survey details and analysis will be part of an upcoming book by ICMA on police and fire chief selection.



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Meeting a Texas-sized challenge. Not to mention \$29 million in savings.

Fort Worth is one of the country's fastest growing cities. Yet, like many cities today, it was faced with the need to make its municipal buildings more energy-efficient without using capital funds or raising taxes.

To meet this Texas-sized challenge, in 2003, the city partnered with Johnson Controls to upgrade its many diverse buildings. Improvements included lighting upgrades, low-flow plumbing fixtures, efficient chiller plants and installation of Johnson Controls' Metasys® building management system to monitor and control the performance of building systems. To date, the city of Fort Worth has upgraded 96 buildings, including its Meacham Airport terminal, libraries, community centers, fire houses and convention center.

Besides delivering projected savings of over \$29 million in utility costs by 2025, these upgrades will reduce greenhouse gas emissions in its buildings by over 22%. But here's the best part: Johnson Controls, through a performance contract, is guaranteeing the energy savings, which offset the cost of the city's projects. With these financial and environmental savings, everything really may be bigger in Texas.

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BY RAYAN COUTINHO

E-MAIL FOOTER DISCLAIMERS

Unenforceable legalese or strategic tools?

A client recently inquired about the legal and practical benefits, if any, of using e-mail footers in connection with all correspondence that includes a disclaimer statement. He expressed concern that his organization didn't use such a disclaimer while almost all e-mail he received from his customers and vendors contained them.

As with a lot of legal matters, quite a bit of misinformation is floating around on the Internet, particularly in blogs written by non-lawyers. I found these statements, included here as examples, in published articles:

- "Insecurity with newish technology contributes to the common practice of using e-mail footer disclaimers."
- "Me-too mentality."
- "No court case has ever turned on the presence or absence of such an automatic e-mail footer in America."
- "Many disclaimers are, in effect, seeking to impose a contractual obligation unilaterally, and thus are probably unenforceable."
- "Would anyone append such a message to an actual paper business letter? Why do it with e-mail?"

Contract versus Disclaimer

All of the above statements are true in some respects. A critical distinction, however, must be made between a disclaimer used for purposes of being a legally enforceable contract and a disclaimer used as one of many evidentiary tools in a subsequent legal proceeding.

People seem to focus on the contract concept when in fact the real purpose of an e-mail disclaimer is to address possible issues of evidence in a legal proceeding. In the discussion below are a few examples in which a well-crafted

e-mail disclaimer may prove to be one of many tools in a future litigation.

Law firms routinely use a disclaimer to try to keep correspondence with clients under the attorney-client-privilege umbrella. If evidence is inadvertently disclosed to opposing counsel or a third party, a disclaimer may—it is not a certainty—enable a good-faith argument to be made that the correspondence should be excluded from evidence because it is still attorney-client privileged.

Another example is the requirements in IRS Circular 230 Notice, which provides ethical standards for attorneys, accountants, and other tax professionals practicing before the IRS and attempts to provide a framework and enforcement authority to curb abusive tax avoidance transactions.

Any written communication that recommends or suggests that a client would prevail on a significant federal tax issue meets the broad definition of a reliance opinion. Written advice, which includes e-mails, from tax professionals can avoid the "covered opinion" standards set forth in the circular by prominently disclosing—in a separate section in similar-sized typeface—that the communication is not intended to be used, and cannot be used, by the taxpayer for the purpose of avoiding penalties. The IRS provides a sample disclosure notice for use by such professionals.

Similarly, such other professionals as medical professionals and investment companies use disclaimers to comply with their legal obligations under HIPAA, anti-spam and other regulations, and to protect against claims of reliance on negligent misstatements.

Strategic Use

Another example of strategic use of

e-mail footers is to provide an additional evidentiary tool to protect trade secrets. A trade secret is any information that is not generally known or reasonably ascertainable, by which a business can obtain an economic advantage over competitors or customers.

Thus, for example, in certain projects that require confidentiality, the e-mail footer can be carefully worded so as to remind recipients of their confidentiality obligations under a referenced contract between the parties. It also reminds them that the terms of the executed contract will prevail over any conflicting terms in e-mails between the parties.

As is evident from the above discussion, there is no one-size-fits-all when it comes to e-mail footers. Copying someone else's e-mail footer may be worse than not having one at all. There is no disclaimer that will work for all organizations or all departments in all situations. For most general e-mail, they may not be required.

It is therefore important to consider and answer these questions:

- What gave rise to the discussion to consider adding an e-mail footer?
- Is there some specific information or secret that the organization wants to protect from disclosure in a future litigation?
- Are there overarching statutes and regulations that govern your industry that might necessitate a disclaimer?
- Are there contractual confidentiality obligations with your clients and customers that might necessitate an e-mail footer?

Answers to these questions will help you draft a tailored disclaimer. It may also lead you to the conclusion that a disclaimer is not required for one or more departments in your organization. **RM**



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BY KAREN THORESON AND GREG STOPKA

GOING FARTHER, DIGGING DEEPER

Nine communities embark on ambitious journeys to reach diverse destinations

Local programs have shown us that while most governments are becoming active in sustainability, they are only involved at a relatively low level and in a narrow range of possible activities.¹ The nine projects described in this article provide new methods of achieving sustainability goals in unusual ways. They expand the scope of activity and have substantial impact on the environmental, economic, and equity dimensions of sustainability.

Compressed Natural Gas Filling Station *Clearwater, Florida* (POPULATION 107,685)

Clearwater embarked on a plan to build a compressed natural gas (CNG) filling station and begin the conversion of solid waste trucks and utility vehicles to further support its Greenprint initiative and promote green energy use while enhancing Clearwater's sustainability.

The filling station provides local public and private fleets with the ability to use CNG vehicles versus gasoline-fueled vehicles. The "Clearwater Greenprint" initiative promotes a citywide mobility and sustainability vision and framework, supporting methods to increase the energy efficiency of neighborhoods, business districts, and transportation systems, while enhancing economic competitiveness, livability, and overall quality of life.

Hospital Reuse Into Business Incubator *Independence, Missouri* (POPULATION 116,830)

The opening of a new state-of-the-art hospital, combining two existing hospitals within the community, presented a

unique economic development challenge for Independence: how to successfully reuse key medical buildings in the center of the city.

One of the buildings available for redevelopment was the former Independence Regional Health Center. The Independence Economic Development Council was charged with creating the concept of a cutting-edge business incubator to foster entrepreneurial and early-stage companies.

The Independence Regional Innovation Center is a 40,000-square-foot, mixed-use business incubator focusing on three core areas for the development of new businesses: bioscience, kitchen/culinary, and business and technology. The incubator project maximizes such assets available in the former hospital as converting former surgical suites into eight wet labs (rooms specially designed for the handling of chemicals in liquid form) or using patient rooms for small-business and technology office suites.

The center has proven to be a vital economic development asset to Independence and teaches that economic sustainability projects like it can be a job creator for local governments.

Water Conservation with a Personal Touch *Manatee County, Florida* (POPULATION 322,833)

As a way to educate residents about the economic and environmental impacts on irrigation systems for landscaping, Manatee County adopted an outdoor, water-conservation rebate program with financial incentives up to a total of \$1,500 for implementing water-saving improvements in landscape and irrigation systems.

Nine rebate categories are available, including converting to an alternative water source, installing a rain shut-off switch and a soil moisture sensor control, repairing or replacing a defective irrigation system, and retrofitting landscape plantings to be more water efficient. Manatee County's Extension Service also operates a mobile irrigation lab for landscape and irrigation evaluations and provides educational workshops for participants to help them understand how to properly operate and maintain their irrigation systems for optimum water savings.

New residents are usually unfamiliar with their new landscapes as well as irrigation systems, system care, or water requirements. A typical, inefficient, poorly managed lawn-irrigation system can waste more than 15,000 gallons of water monthly, adding an additional \$67 to the monthly water bill.

Climate Change Resiliency Study *Flagstaff, Arizona* (POPULATION 65,870)

To address the potential challenge to public service delivery from climate change, the city of Flagstaff completed a resiliency study. The project addresses a significant public service challenge: How can a local government reduce its vulnerability and build local resilience to climate variability and climate-related disasters?

Reducing vulnerability to the changing climate requires the city to identify how vulnerable its public services, public health, infrastructure, and economic competitiveness are to climate variability; where it lacks sufficient capacity to adapt; and what the risks are if it does not act. Using an innovative, consensus-based approach, Flagstaff conducted the internal assessment to identify vulnerable planning areas within city operations and assess the risks of the expected impacts.

The city shared preliminary findings with stakeholder groups to get views on risk factors and the cost of addressing a specific vulnerability. The resiliency study is intended to be transformed into

an overarching policy that will guide decisions for other operational and capital planning.

The study assessed local systems and key planning areas that share three things in common. Each is important to the success and resiliency of Flagstaff, can be impacted by city government, and is likely to be affected by climate change.

How can Flagstaff, for example, better manage its urban forest to protect from increased danger from wildfires? What might be the economic impact to the community if the ski industry is no longer viable? How should the floodplain regulations be revised to take into account significant flooding events? While local governments have recognized the danger of climate change, Flagstaff has created a model for how they can prepare.

Greening Lakewood Business Partnership *Lakewood, Colorado* (POPULATION 140,305)

The need for energy improvements for the Lakewood Learning Source, home of one of the largest adult literacy programs in the United States, sparked the formation of the Greening Lakewood Business Partnership. GLBP's mission is to bring energy efficiency to older, existing office, and commercial buildings in Lakewood while providing job training, particularly for military veterans returning from overseas.

The partnership includes the city of Lakewood, which has worked with these organizations:

- Utility company, banks, and state to help fund energy efficient retrofits.
- Red Rocks Community College, which created a program for students to train in energy auditing and provide free audits to businesses under the supervision of experts in the field.
- Alameda Gateway Community Association, which introduces the program to Lakewood businesses.
- Veterans Green Jobs, which mobilizes the military veterans to enter the Red Rocks program.

- Jefferson County Workforce Center, which coordinates funding for the students' paid internships.
- Better Business Bureau, which markets the partnership.

The partnership helped Learning Source reduce its monthly heating bills from \$3,500 to \$200 and provides a model for the potential of partnerships to create sustainable energy practices.

Energy Smart and SmartRegs *Boulder, Colorado* (POPULATION 97,385)

Boulder's staff knew that the highest consumption of the community's energy was in residential buildings and that there was a broad disconnect between residents undertaking an energy audit and taking action to reduce energy use. They designed a new service and delivery mechanism called "Energy Smart and SmartRegs."

Energy Smart aims to be a one-stop shop solution for residents, including an initial visit to install low-cost efficiency measures, provide education, and promote additional offerings of deeper energy efficiency retrofits. The model revolves around an energy adviser, who works with homeowners throughout the entire process, "translating" a technical energy audit report to prioritize upgrades, identifying rebates and financing options, and helping with associated paperwork.

The city also developed a program called SmartRegs to overcome the split incentive that often prevents wide-scale adoption of energy efficiency upgrades in renter-occupied properties. A split incentive exists when tenants do not have an incentive to invest in energy upgrades in units they rent, and landlords do not have an incentive to invest in energy upgrades since they don't pay the energy bills.

SmartRegs is the nation's first local energy code for rental housing, and it works with an innovative point scale that can be applied to any type of housing unit. SmartRegs and EnergySmart service

provide models for local governments on how to provide landlords with implementation assistance and rebates for these required energy efficiency upgrades.

Bags to Benches *Kingsport, Tennessee* (POPULATION 44,130)

Bays Mountain Park's "Bags to Benches" program is a creative and environmentally friendly project that keeps plastic bags from ending up in landfills by recycling them into such tangible products as park benches for public use.

The program began as a simple recycling program to fund environmental stewardship curriculum. As popularity grew, however, Bays Mountain Park needed benches for visitors. Research revealed that the Trex Company from Winchester, Virginia, had a unique recycling program for schools and other groups to receive free park benches in exchange for plastic bags.

This program became the perfect match in providing eco-friendly seating for visitors, and the Bags to Benches program was born. The program began with two collection points but through such public outreach as flyers, word of mouth, social media, newsletters, and regional television stations, more collection points were soon added at local schools, businesses, industries, and other city facilities.

The program continues to grow and today Trex not only provides benches but now provides monetary compensation for the bags. So what began as a park-driven program designed to demonstrate the positive environmental impact of recycling exploded into an effort that receives broad community support from individuals, schools, and businesses.

Deconstruction Initiative *Lethbridge, Alberta, Canada* (POPULATION 86,659)

Aligning with Lethbridge's environmental interests, the Facility Services Department for the past four years has taken responsibility for mitigating the impact

on the environment when a city facility or community building has reached the end of its useful life cycle and is destined to be removed.

In the context of physical construction, “deconstruction” is the selective dismantling of building components, specifically for reuse, recycling, and waste management. It differs from demolition where a site is cleared of its building by the most expedient means.

Deconstruction focuses on giving the materials within a building a new life once the building as a whole is no longer useful. The process known as waste streaming involves identifying and assessing various building elements prior to deconstruction so they can be diverted accordingly.

Ultimately, deconstruction is a method of harvesting what is commonly considered waste and reclaiming it into useful building material. Deconstruction provides a different option for local government to reuse the sustainable elements of a building.

Geothermal Ice Rinks

Brooklyn Park, Minnesota

POPULATION 75,781

In the face of the Great Recession, local governments have to continue to identify ways to be more efficient. While one-time cuts can help a city or county balance their budgets, long-term financial pressure means local governments have to improve the sustainability of their services.

Brooklyn Park saw an opportunity to improve the efficiency of its facilities and with this mindset, sought to redesign its two ice rinks. Brooklyn Park underwent a complete redesign of the two rinks, which are located at the Community Activity Center.

The improvements use geothermal heat from the city’s water system to efficiently cool the rinks and heat portions of the building. The project was completed in October 2010 and is considered one of the most energy efficient ice rinks in the world.

Lessons to Learn

The nine communities highlighted in this article embarked on ambitious sustainability journeys, using new methods to arrive at the destinations they envisioned. These diverse projects share some common characteristics and provide helpful insights for communities seeking inspiration to pursue new sustainability goals.

Define multiple objectives. The classic definitions of sustainability have focused on the three “e’s”: economic, environmental, and social equity. Most of these projects meet more than one objective simultaneously. The sustainability movement began with an effort to reconcile economic growth and environmental protection,² and a number of projects are both good for the economy and improve or protect the environment, including Clearwater, Independence, and Lethbridge.

Lakewood added a social equity dimension by training veterans for new green jobs. Boulder’s energy code for rental properties gives tenants the savings in utilities that result from efficiency and energy improvements.

Pinpoint uniquely local solutions. The nine examples of sustainability actions each draw on unique aspects of their respective communities. Independence, for example, converted the problem of a vacant hospital in the core of the community into an opportunity to rethink how such a specialized building could be retrofitted to serve entrepreneurs in different industries.

Boulder responded to its housing market that is half rental, but its solution is widely applicable since most communities have a considerable number of renters.

Connect to like-minded partners. None of the communities went it alone. Lakewood found a half dozen partners who had such diverse interests as energy efficiency, training for returning veterans, and local business interests including the utility company, which all attached themselves to a portion of the effort in order to make it fully successful.

Make it relevant. Manatee County identified water conversation as an important goal, but it couldn’t achieve that without serious citizen involvement. Recycling is the most common and traditional sustainability practice. Kingsport, Tennessee, wanted to elevate recycling and environmental stewardship in its mountain parks. Its Bags to Benches program brought a high level of attention from the public and got the secondary result of free benches for visitors and new revenues.

Go over the top. Lethbridge proved that deconstruction can be a point of community pride while saving significant space in the community landfill. Brooklyn Park translated its budget woes into a geothermal ice rink solution that is now one of the most energy efficient rinks in the world.

Address bigger questions. The causes of climate change are a matter of some controversy; however, the evidence of climate change is already visible. Flagstaff connected its city departments and residents to one another in evaluating which human and engineered systems might fail due to climate-related disasters.

There are more than 100 distinct actions that local governments interested in sustainability usually pursue. The communities featured here used local knowledge, ingenuity, community partners, and their passion for excellence to develop new approaches that will help ensure their viability into the future. **PM**

ENDNOTES

1 James H. Svara, “The Early Stage of Local Government Action to Promote Sustainability,” *The Municipal Year Book 2011* (Washington: ICMA, 2011), 43–60.

2 Kent E. Portney, *Taking Sustainable Cities Seriously: Economic Development, the Environment, and Quality of Life in American Cities*. Cambridge: The MIT Press, 2003.



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BY MIKE CONDUFF

HOW MUCH GOVERNANCE DOES A COMMUNITY NEED?

Meeting overdrive can impede long-range planning

In my governance work I am fortunate to observe, train, and coach different types of boards, nonprofits, for-profits, associations, and federations—both governmental and educational. And while each segment has its unique attributes and it is not always fair to compare across segments, I am always taken aback at how often and how long local government elected officials hold meetings compared to other entities.

It is not unusual for councils to have two formal business meetings plus less formal workshops and multiple committee meetings each month. Often one business meeting alone consumes three to five hours or longer.

Add in the other meetings and preparatory obligations and an individual councilmember might spend 16 to 20 hours a month in meetings—besides dealing with constituent calls, participating in educational opportunities, and interacting with staff.

Big-Time Investment

Multiply these figures by the number of councilmembers in your community, and even for larger local governments with significant budgets and multiple lines of business, this is an astonishing amount of monthly governance investment. And, likely, most of my elected friends would say I am underestimating the amount of time they invest in their volunteer official endeavors.

In a recent interview in preparation for a council retreat with a new client, one of the governing body members said, “Mike, I cut back my law practice by more than 50 percent so I could serve in this volunteer role.”

Contrast this with a regional or even national nonprofit with a geographically dispersed board that might meet only

quarterly or semiannually. If you have a major for-profit company in your community, ask its CEO how often the board meets. In many cases, it is also quarterly, or, on occasion, monthly.

Now city managers can find a mirror and ask themselves this question: How often do I really need the elected officials in my community to meet? In other words, how much governance is good governance and how much of it is going-through-the-motions governance?

Services Never Shut Down

In Texas, there have been recent examples of governing bodies *not* being able to meet for extended periods of time when there has been a recall by the voters or action by the attorney general. In these cases of no governance at all, the city does not shut down. The 911 calls are still answered, the water continues to flow, the toilets still flush, the permits are issued, and the streets are maintained.

Bills get paid and purchases are made. In fact, without the local publicity of a recall or legal action, most folks in the community would not know or recognize that the council was not functioning because the staff and the services the residents rely on still do.

Of course, what does not get done in these extreme examples is community visioning and long-range planning. The city does not pay a price today for little or no governance; rather, it pays a huge price several years down the road.

Unfortunately, too often in the hustle and bustle of weekly governing meetings, these same issues of visioning and planning go untouched. It is much easier to spend time talking about speed limits; or crosswalk placement; or what kind of police cars to buy; or whether desktops, laptops, or iPads make more sense than

UNFORTUNATELY, TOO OFTEN IN THE HUSTLE AND BUSTLE OF WEEKLY GOVERNING MEETINGS, THESE SAME ISSUES OF VISIONING AND PLANNING GO UNTOUCHED.

to talk about the quality of life desired in 10 or 15 years and what it will take to achieve that quality.

I often travel on planes. In governing my trip I choose my destination, the cost I am willing to pay, and my arrival time. I do not attempt to fly the plane (hopefully the credentialed pilot stays in the cockpit!), or help load the luggage, or participate in designing the crew uniforms.

The governance implication is that while communities desperately need elected officials to determine the destination, the resource allocation, and the time frame, they do not need the council “helping” in the day-to-day operations.

My experience is that nearly all elected officials want to govern well. As professional local government managers, we need to do our part for good governance by putting the right issues on agendas, making sure that the long-term and policy implications are clearly articulated, and, to the extent possible, keeping the governing body’s discussion focused on the future.

My next column in October will include suggestions on how to do this! **PM**



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BY LISA KUSS

DON'T LET YOURSELF GET RATTLED

Instead, communicate, communicate, communicate

Whenever I have conversations with people about city management, the most common thing I hear them say is, "I could never do your job!!" So, what is it about management that makes us crazy enough to love what we do? I have an answer now: There is something new to process almost every day.

I have been the city administrator of Clintonville, Wisconsin, for some 15 years. You may have heard of Clintonville. A few months ago, our community made national and international news because of the mysterious booming sounds coming from the ground. After four unsettling days, the U.S. Geological Survey (USGS) determined the sounds were a series of earthquakes called swarms.

An Earthquake, Honest!

For those of you living in earthquake lands in the West, please try not to laugh. Our earthquake was a magnitude 1.5. I will add that the last earthquake in Wisconsin was 65 years ago, in 1947. While in the big scope of things it was not earth shattering, it certainly rattled the lives of the people living and working in our small community in northeast Wisconsin for two weeks.

Thankfully no one was hurt and there was no property damage. Even though it wasn't a true disaster, the situation could not be ignored or inappropriately handled.

For four days, the entire community, media, and therefore people from all over the world, looked to city leaders to give them answers. The question loomed, "Why after three nights of no sleep, could we not really tell anyone what those loud, booming noises were?"

We continued to investigate every possible source of the noises and for

those first days could not come up with a conclusive answer. On day four, we got an unexpected call from USGS that Clintonville was, in fact, experiencing earthquakes. Just because we had an answer did not mean that people went back to their normal lives.

Residents had a hard time believing that the booms were earthquakes for three reasons: 1) Wisconsin doesn't have earthquakes, 2) these earthquakes were not like the earthquakes out West, and 3) the activity kept occurring even after two weeks.

Steady at the Helm

I think the key to the steady leadership of our community during that time was the message elected officials and the management team sent out to people each and every day:

1. We will get through this together.
2. We are working day and night to get answers.
3. We will be the face of calm and confidence.
4. We will keep you informed at every step.

For the most part, residents understood that we were doing everything possible to resolve the issue. They truly appreciated that even though it was stressful, we always remained calm and assured the community that somehow, some way, we would get through the unusual circumstance in which we found ourselves.

Another important part of this situation was the media. Within three days, we had every major media source in print, television, and radio joining Clintonville on the crusade to find out the answer to the mystery. I was responsible for handling the hundreds of calls, interviews, and press releases each day--which became a 24-hour responsibility.

I chose to see the media people as our partners. Many times in the chaos of events like this, we may shy away from the media and try to avoid them at all costs. We have other more important things to do, right? But I answered each request for information, and I believe that the attention the media gave us is why the USGS continued to search, even when it did not appear that they would find the answer either.

Why I Love My Job

I never imagined when I went to bed on a Sunday night that I would be thrust into a month of chaos at 2 a.m. on Monday. What I know now is that by everyone working together, staying calm, and keeping the lines of communication open, things can and will work themselves out.

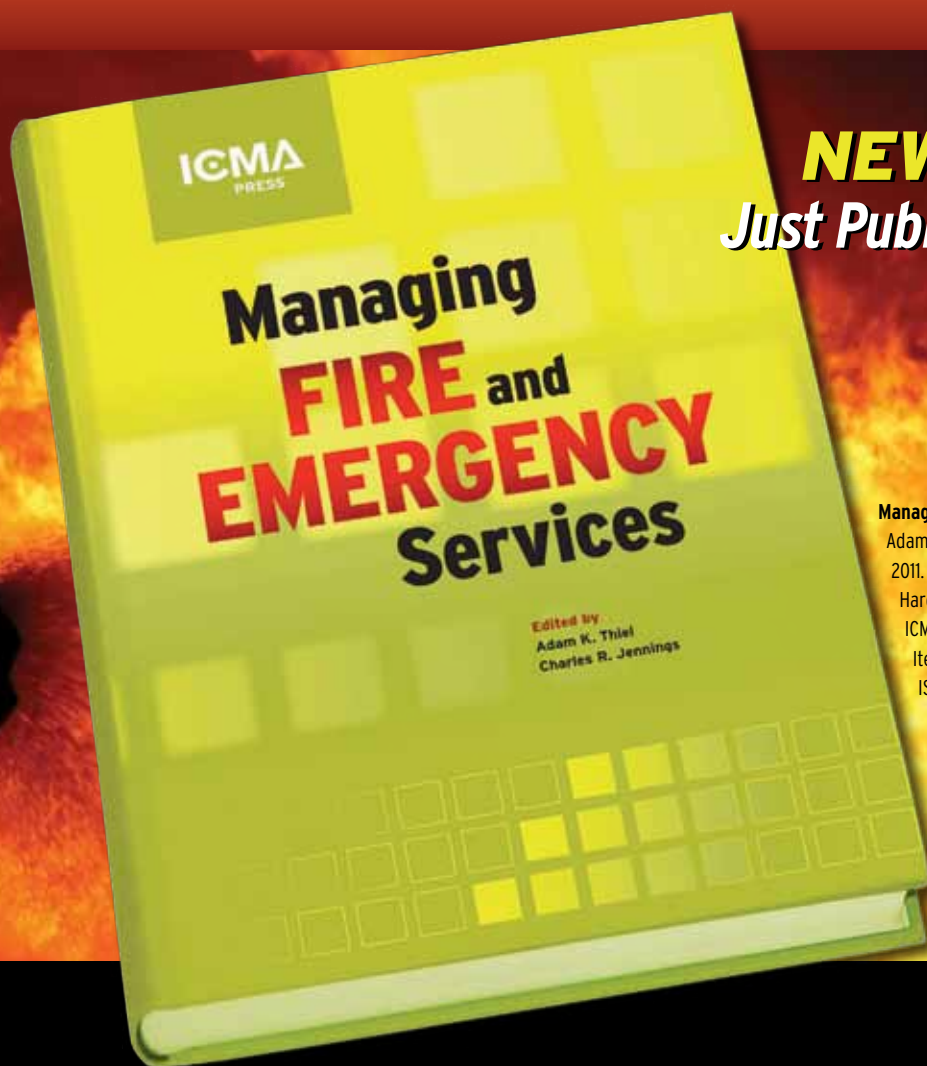
And now, when I hear that remark, "I could never do your job," I remember that I love my job in my booming little town. "Rattled" or not, I love that as a city administrator I can make a difference every day in the lives of so many. As ICMA's campaign puts it so well, it is *Life, Well Run!* **PM**



LISA KUSS
City Administrator
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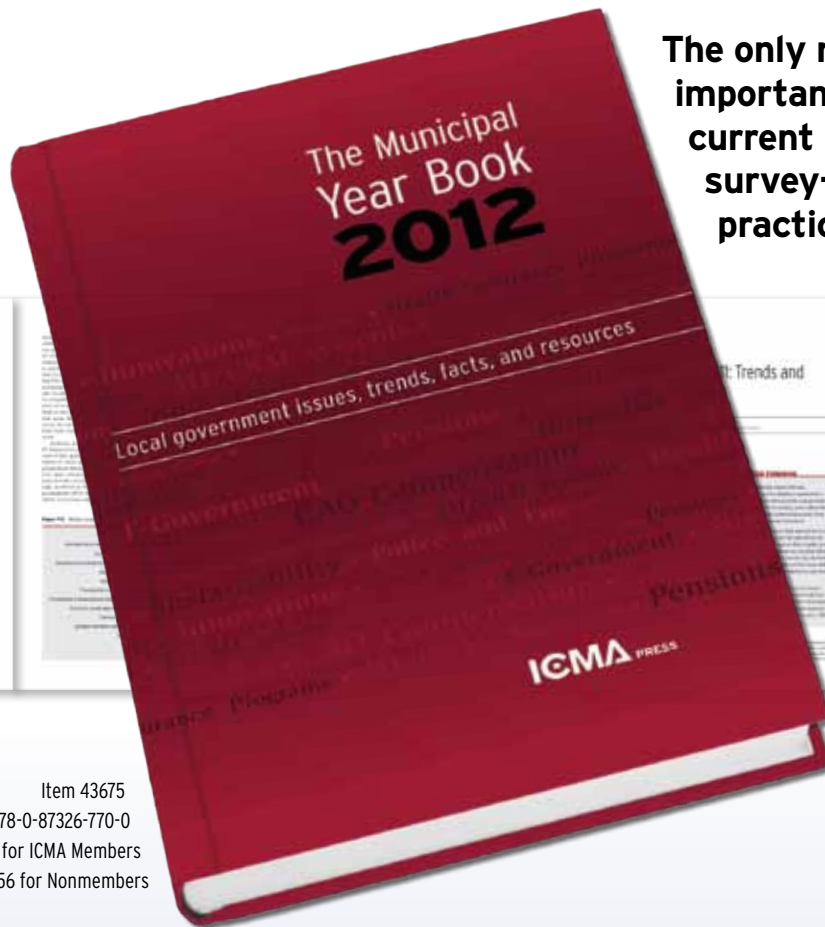
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