

As we end 2019, thank you for the work you do serving the community. I want to update you on organizational assessment and improvement work that is underway.

The City is experiencing a period of growth and change and faces some major challenges and opportunities in response to fluctuating community dynamics. In an all-staff Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis Survey administered in July 2019, the following were highlighted:

- City Revenue Shortage: [The City is currently facing a funding gap](#). To maintain essential city services and to meet the needs of the community in the next several years, the City estimates that it will need to raise an additional \$16.2 million. [Information regarding the City's Utility Rate Relief Program may be found here](#).
- Homelessness and Affordable Housing: Like many other local governments, the City is struggling with how best to address issues related to homelessness and affordable housing. This type of challenge required high levels of collaboration and coordination both within the City and with external partners and agencies.
- Effective Community Engagement and Representation: A strong relationship with the community is a critical component to service delivery. As the community continues to expand and diversify over time, staff expressed concerns over ensuring that all residents can feel engaged, connected, and have their needs represented by their local government.
- Infrastructure: The City has a long history and much of its infrastructure is aging or outdated. While the City is accomplishing major renovations and improvements—like the Salem Public Library Seismic and Safety Upgrade Project—there are many additional needs that are currently unfunded.

If you participated in the survey from Moss Adams, thank you. There were more than 300 responses for a 24% response rate. Thank you for sharing your ideas, questions, and concerns. The purpose of the survey was to better understand opinions of the current operating environment. The questions were designed to gauge the organization's strengths, weaknesses, opportunities, and threats; inter-department service levels; data and decision making; and leadership team collaboration and management.

Within this context, the City engaged Moss Adams to provide consulting services to support organizational development and optimization that will help the City achieve fiscal sustainability and the goals established in the City's strategic plan. The overarching purpose of this work is to help the City operate as efficiently and effectively as possible. The City's current revenue shortage and past revenue constraints are a constant backdrop to organizational effectiveness. Progress can be made, however, within the City's current budgetary limits. One of the goals of the

work is to lessen staff workloads in the long-run by improving the overall efficiency of the organization.

Moss Adams will be focusing on 1) leadership and culture, 2) organization structure and staffing, 3) planning and communications, and 4) other operational processes and systems. The work consists of four major phases—project initiation and management, fact-finding, analysis, and reporting. The full report will be available in January. Moss Adams conducted an all-staff survey, employee interviews, document reviews, and research into best practices for similarly-situated cities across the country.

From the Moss Adams fact finding and analysis:

### **Leadership and Culture: Developing Unified Action and Accountability**

In 2018, the City embarked on a project to transform its leadership culture and adopt an enterprise management approach. While steps have been taken to adopt this valuable leadership philosophy, there are still many opportunities to improve leadership collaboration across the organization. While the City has a culture of discussion and analysis, it is often challenging to move from the planning phase to the implementation phase. The City does not have a strong culture or set of processes to ensure that actions are assigned, taken, and reported on at the leadership level and beyond. While the leadership team appears to be genuinely committed to adopting an enterprise management approach, this type of culture change takes time. Historically, there has been a lack of willingness to cut programs or services, even as staffing or resources have been reduced. As a result, many areas are running with staff support that make it extremely challenging to provide high-quality services—both internally and externally.

### **Organization Structure and Staffing: Aligning Functions and Clarifying Roles**

The City's current organizational structure, staffing, and related processes could be improved to better support effective service delivery. In reaction to funding cuts and staff changes, departments and divisions across the City's organizational structure have been consolidated in a variety of ways over the past ten years. This organic development has not resulted in an organizational structure that supports the most effective and sustainable service delivery or takes advantage of natural points of collaboration. The City is understaffed in many areas: The City's funding restrictions have impacted staffing levels. For example, the number of city staff per thousand residents has decreased from nearly nine (9) in 2008 to approximately seven and half (7.5) in 2020. Departments report being understaffed, resulting in difficulties completing necessary day-to-day tasks. This has a negative impact on employee morale and the overall cultural tone. The City has under-resourced and under-staffed efforts related to employee recruitment, development, and retention. This has wide-ranging impacts across all City departments.

### **Planning and Communication: Continuing the Shift from Reactive to Proactive**

The City's efforts around planning and communication have been steadily improving in recent years. Staff cited multiple examples of progress, including the City's first

ever strategic planning process in 2017; improvements to the external communications following the 2018 Water After-Action Report; and more consistent efforts to create organization-wide communication channels and cross-departmental meetings. The need for high-quality communication and planning are common challenges. Low levels of resources and consistent sponsorship continue to limit the organization's ability to further improve planning processes or strengthen internal and external communications. If appropriately resourced and supported, the City can further shift the culture of planning and communication from reactive to proactive.

### **Processes and Systems: Streamlining to Create Efficiencies**

While the City cannot become financial sustainable through efficiencies alone, there are several opportunities to improve the efficiency of internal systems and processes. Largely due to lack of staff capacity, internal process and systems have not been optimized, integrated, consolidated, or streamlined to reduce staff workloads and improve service delivery.

The report will include recommendations for improving our city-wide management practices and identify a comprehensive set of future projects over the next five years. These projects will focus on increasing our organization's effectiveness and may be enterprise-wide, cross-departmental, or department-specific. Ultimately, this work will help us find better ways to serve the needs of our community.

I am encouraged by the early work and look forward to the final report. I am confident that we will continue to improve the organization's ability to provide services with the resources, at whatever amount, that have been entrusted to us.

Happy New Year!  
Steve