



Mayor – Sandy Sanders

City Administrator – Ray Gosack

City Clerk – Sherri Gard

Board of Directors

Ward 1 – Steve Tyler

Ward 2 – Andre' Good

Ward 3 – Don Hutchings

Ward 4 – George Catsavis

At Large Position 5 – Pam Weber

At Large Position 6 – Kevin Settle

At Large Position 7 – Philip H. Merry Jr.

AGENDA

Fort Smith Board of Directors

Study Session

July 24, 2012 ~ 12:00 Noon

Fort Smith Public Library Community Room

3201 Rogers Avenue

1. Discuss options for succession planning in the Finance and Utility Departments
2. Review preliminary agenda for the August 7, 2012 regular meeting



MEMORANDUM

July 19, 2012

TO: Mayor and Board of Directors

FROM: Ray Gosack, City Administrator

SUBJECT: Succession Planning

The continuous provision of vital municipal services relies on knowledgeable key management staff. The City of Fort Smith has been blessed for many years to have capable senior managers leading our departments. There has been concern that some of these managers may retire or otherwise leave city employment, which might adversely affect the ability of the departments to continue providing quality services. A succession plan recognizes this possibility and prepares the organization to deal with the eventuality of senior staff turnover.

Attached is a report from our director of human resources, Richard Jones, which identifies options for succession planning. It may be appropriate for the city to use all options, depending on the particular needs of each department.

CURRENT SUCCESSION PLANNING

The two departments which have had the initial focus are finance and utilities. Below is a summary of the work plans for the incumbents in each of the key positions, and our recommendations for succession planning. Since employees aren't under contract and are "at will" employees, they are certainly free to alter their employment plans at any time. However, I believe our staff has a level of professionalism to give us as much advance notice of their intent to retire or resign as is reasonably practical.

Finance Department. The finance department has 2 critical management positions. The positions and each incumbent's retirement plans are summarized below.

<i>POSITION</i>	<i>RETIREMENT PLANS</i>
Director of Finance	4-5 Years
Asst. Director of Finance	6-8 Years

Because of the knowledge and skills needed of the dept. head, I believe this position will need to be filled with an external candidate. We've been successful with past external recruitments for department heads, and I have no doubt we could attract a high-quality finance candidate to Fort Smith. For the asst. director's position, I believe this can be filled within by mentoring/coaching one or more possible candidates. Candidates should be identified within the next 1-3 years so that there's ample opportunity for training, coaching and mentoring before the incumbent retires.

Utilities Department. The utilities department has 4 critical management positions. The positions and each incumbent's retirement plans are summarized below.

<i>POSITION</i>	<i>RETIREMENT PLANS</i>
Director of Utilities	6-8 Years
Asst. Director of Utilities	5-7 Years
Superintendent of Line Maintenance	4-5 Years
Superintendent of Treatment Plants and Plant Maintenance	6-8 Years

The knowledge and skills needed of the director and asst. director will likely require an external recruitment. It's possible that the two superintendent positions could be filled by grooming existing staff persons. Candidates for the two superintendent positions should be identified within the next 1-3 years so that there's ample opportunity for training, coaching and mentoring before the incumbents retire. However, external recruitments may be needed to find the best-qualified candidates.

In the utilities department, there's also a need to address the sharing of institutional knowledge about our utility systems. While we've greatly improved our records management capabilities

over the last several years, long-tenured employees have considerable working knowledge about the systems that isn't recorded. We need to continue our efforts to expand the information-gathering so that future generations of utilities department employees can benefit from this knowledge. The 2013 budget will likely include resource allocations to accomplish this.

CONCLUSION

As part of our citywide succession planning, departments will be asked to annually identify their key management positions, the career plans of the incumbents in those positions, and any training needs to help prepare other employees to step into these positions. We will begin succession planning in the finance and utilities departments as recommended above unless the board prefers that we proceed differently.

A handwritten signature in black ink on a white rectangular background. The signature consists of a short horizontal line followed by the name "Ray" written in a cursive, slightly slanted font.

Attachments

MEMORANDUM

TO: Ray Gosack, City Administrator

FROM: Richard B. Jones, Director of Human Resources



DATE: July 18, 2012

SUBJECT: Succession Planning Options

Succession planning is the process of identifying and developing talent with the potential to fill “key” leadership positions in an organization. Succession planning may increase the availability of experienced and capable employees that are prepared to assume these roles as they become available. Taken narrowly, "replacement planning" for key roles is the heart of succession planning.

Like many worthwhile management concepts, succession planning starts with a conceptually simple question that every organization should be asking: **if the person in that “key” position disappeared tomorrow, who would take their place?**

Presently we follow two specific processes when any position is filled. First is the civil service process for all sworn uniformed police and fire. The civil service process is documented in the civil service rules and applies to both promotions and new hires. Second is the non uniformed process that seeks to fill positions first with the most qualified internal candidate and only resorting to outside candidates when no internal candidate is identified.

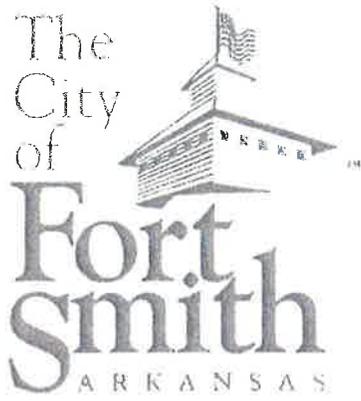
If we were to expound upon our current practices for the replacement of employees in “key” positions it might include some or all the following options.

1. **Identify internal candidates that can be developed to possibly fill vacancies in the future.** The benefit here is that you can groom someone for several years to take over an important role in the organization while retaining institutional knowledge with a seamless transition. The down side is that the person being groomed may not wait for the internal opportunity and another

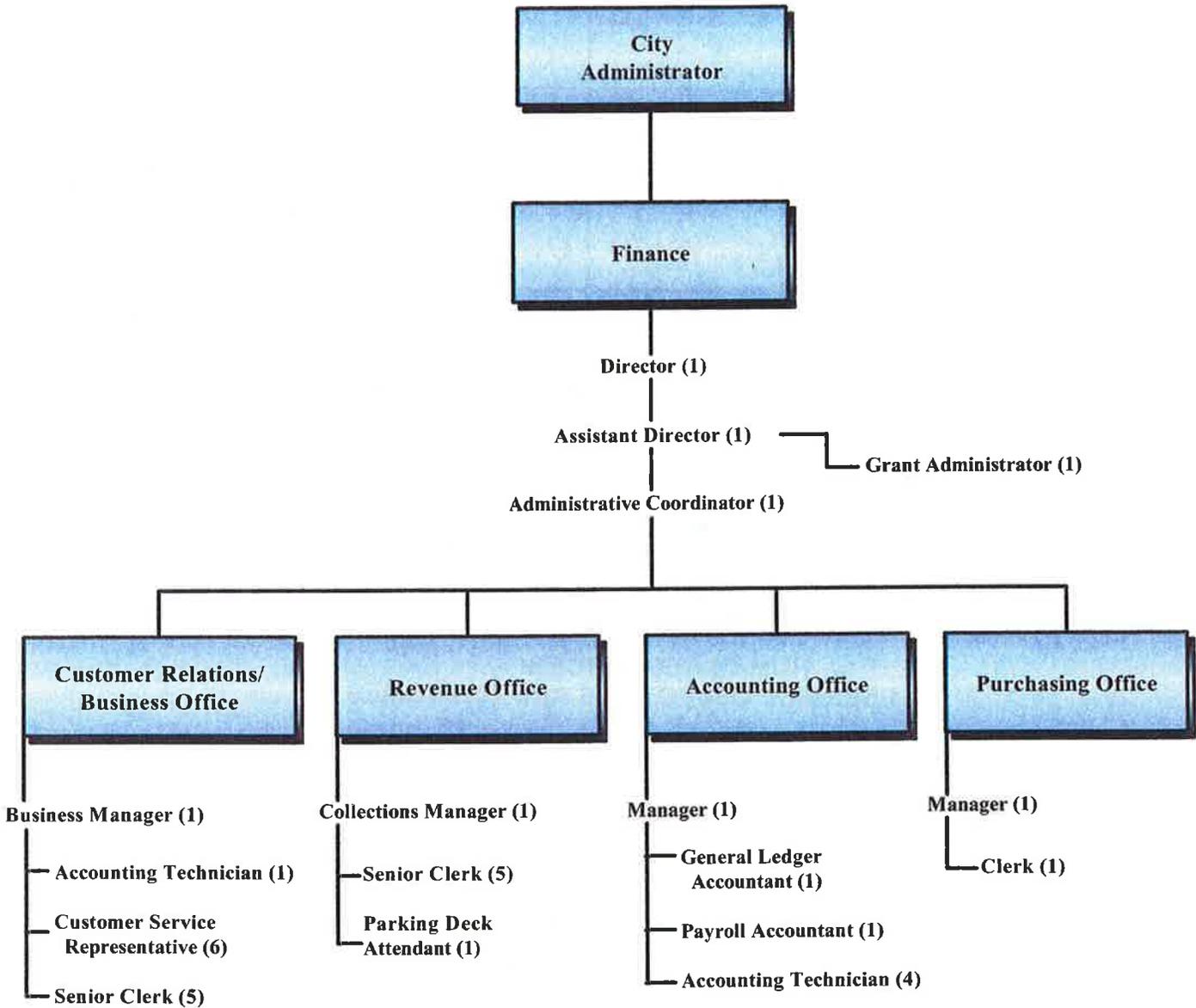
organization will become the beneficiary of our years of training.

2. **Reorganize the department structure to include positions that are specifically established to succeed key positions.** The benefit here is that there are always several employees being developed to move into the next more responsible position. The down side is the likelihood of some increased cost to have specific positions being groomed to succeed in key roles. The increased cost related to the ongoing training cost as well as properly compensating the position for the responsibility of being ready to take on the next more responsible position.
3. **Always seek out external candidates when filling a key position to find the best person.** The advantage to this is you have minimal upfront costs and you benefit from the external experience that they bring with them from another organization. The disadvantages are the length of time to recruit is usually not less than four months; they will have minimal if any institutional knowledge; and you have less certainty they will be a good “fit” within the organization.

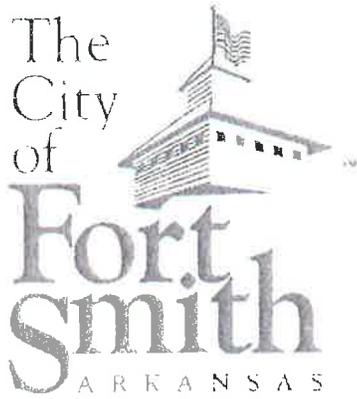
I would recommend that each year as part of the annual budget and planning process that each department determine which if any “key” employees will/may be retiring/leaving and when (probably look out about five years). Each department would specify which if any are “key” positions that need a more focused replacement plan to facilitate a smooth transition within that department. HR would then work closely with the department to determine the steps necessary to be ready to fill the “key” position as the need arises.



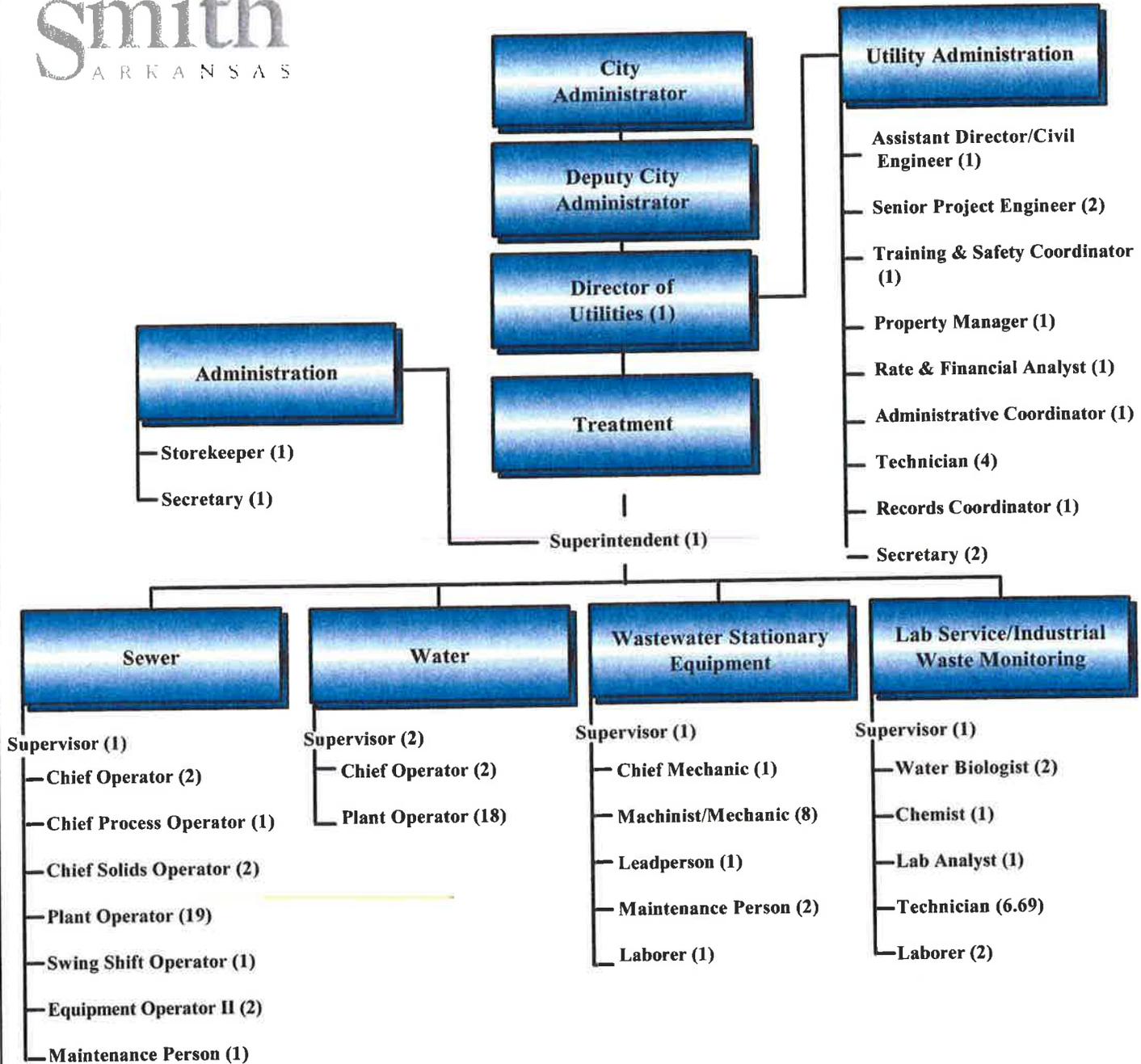
Management Services



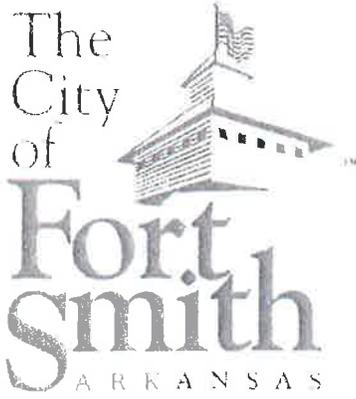
Purpose: To provide and exercise the administrative expertise necessary to support the service delivery and decision making activities for City operations.



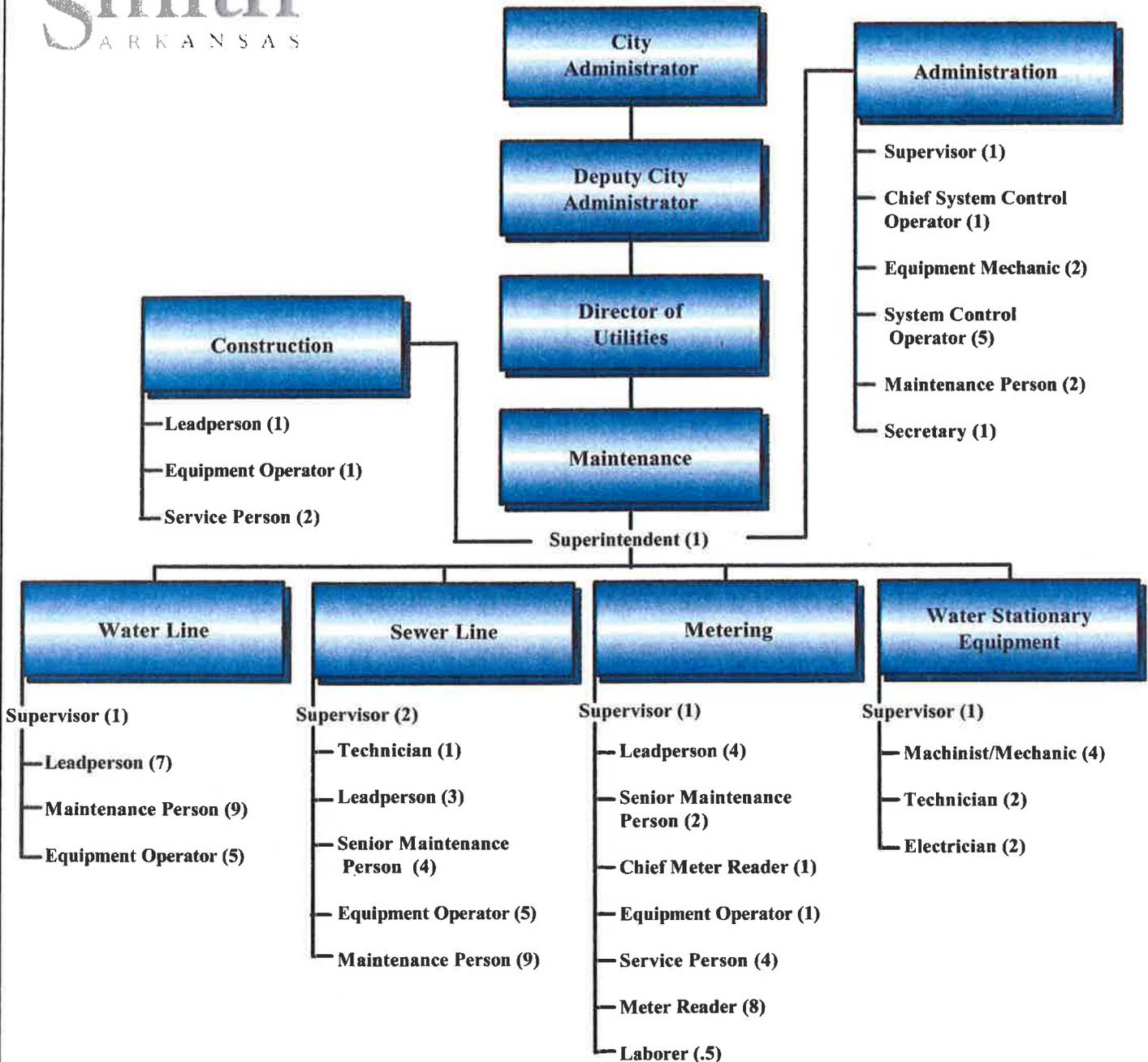
Operation Services Water and Sewer



Purpose: To provide complete water and sewer utility services in an efficient manner, at a competitive cost while constantly improving the level of service for Fort Smith citizens, businesses, industry and the surrounding region.



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