

M E M O R A N D U M

TO: Troy Brown, ICMA President

FROM: Marc A. Ott, ICMA Executive Director/CEO

DATE: April 27, 2022

SUBJECT: April 2022 Executive Board Update

I am pleased to provide you with the following update on the major ICMA projects and initiatives that have transpired since your February board meeting. Please feel free to reach out to me directly should you have any questions about any of the topics discussed below.

Implementation of ICMA's New Dues Structure

As you recall from your February meeting, the Board approved a new dues structure for ICMA and supported staff's recommendation to: (1) retain the current rates for members renewing on the July 2022 cycle, (2) implement the new rates for members renewing on the January 2023 cycle, and (3) promote the new dues rates to new and lapsed members as soon as feasible in the new year.

Following an internal review of the current online renewal and join membership processes, we are recommending that we launch the revised rate structure for new and lapsed members in October 2022 to coincide with the timeframe for invoicing members on the January 2023 cycle. The join and renewal processes are not separate and distinct. They both use the same software logic, so delinking the processes to allow new members to join before October would be cost prohibitive and time intensive. The July 2022 dues cycle invoices have been distributed and include a message about the forthcoming changes. We are working with our consultant on the communication messaging and marketing plan with the goal of launching the formal marketing campaign in July 2022.

The revised dues structure has been incorporated into the proposed FY2023 ICMA budget, which will be presented to the Board for approval at your June meeting in Florida.

Global Engagement Strategy Development

As you are well aware, ICMA has been working with Factum Global on developing a global engagement strategy and roadmap that will build on our strengths as an association, and help us to evolve globally within the local government space. This has been a two-phase process that has taken us through two phases: (1) Research and Discovery; and (2) Globalization Roadmap/Strategic Plan Development. The third and final phase is Implementation.

During the first phase (Research and Discovery), Factum conducted primary research, including 28 in-depth interviews, five focus groups, and also administered a survey. A comprehensive report and presentation to stakeholders was provided. The insights from this phase have helped to inform the development of the Globalization Strategic Plan.

Over the past several months, stakeholders from across the organization participated in three strategic planning workshops that culminated in the development of a draft strategic plan, which outlined the proposed vision, goals, and objectives that will position ICMA for a successful globalization effort. ICMA's Leadership Team met in late February to review, refine, and finalize the plan. It will now be shared again with workshop participants, asking them to rank the proposed global strategy goals and objectives in order of importance, and to identify any gaps. This feedback will be incorporated into the final draft of the Globalization Strategic Plan, which will be presented to the Board for approval at your June 2022 meeting. This document will then serve as the guide for ICMA's global engagement efforts.

FY2023 Budget Development Process

As we reported to the Board during a Finance Committee call on March 25, the first draft of ICMA's FY2023 budget proposal resulted in a significant budget gap, highlighting the financial challenges that ICMA continues to experience. In the last several weeks, both the Executive and the Leadership Teams have been engaged in an iterative process with the goal of refining and finalizing our budget proposal.

The current, nearly final draft of the budget proposal assumes estimates of revenues from ICMA's current programs and services, which are anticipated to reach pre-COVID levels. In addition, it contains requests for resources necessary for continued implementation of the *Envision ICMA* Strategic Plan and the FY2023 priorities approved by the Board as well as the strategic allocation of resources for the development of new products, programs, and services, which we believe will help boost revenues and achieve financial sustainability by delivering on ICMA's global mission beyond FY2023.

While we have been able to bridge a significant portion of the initial budget gap identified in the first iteration of the budget, the current draft calls for the use of approximately \$2 million of net assets to fund ICMA's operations in FY 2023, including staffing. ICMA is currently implementing a number of major priorities, including the establishment of a global engagement strategy,

changing the dues model, transforming the professional development function, and overhauling the corporate partner program, among others. We believe that in the upcoming fiscal year it will be necessary to make these investments in the operating capacity of the organization, so these and other priorities can be implemented successfully.

Details of the revenue and expense assumptions included in the FY2023 draft budget proposal will be presented at the Finance Committee meeting on April 29. All Board members interested in the budget development process have been invited to that portion of the Committee meeting, and we encourage all Board members to participate, ask questions, and provide feedback. The final budget proposal will be presented for the Board's approval at your June meeting in Atlantic Beach.

Announcement of Jim Kean Contribution to ICMA

I am excited to share with you that a few weeks ago, ICMA received a generous contribution in the amount of \$750,000 – the largest individual gift ever received by ICMA. This gift was made by Mr. James (Jim) Kean, a successful businessman who early in his professional career briefly worked in local government. Mr. Kean contacted ICMA several months ago and indicated his desire to make a large contribution in memory of his mentor, Bob Turner, a former city manager of Boulder, CO. Mr. Kean challenged us to develop a financially sustainable program that would make a difference for individuals serving communities while recognizing the impact Bob Turner made on the profession during his distinguished career.

Mr. Kean's generous gift will be added to ICMA's Endowed Funds as a separate fund that will be used to establish a new Bob Turner Scholars Program, a program ICMA developed in response to Mr. Kean's request. Designed to further advance our long-standing objective of building the next generation of local government leaders, this program would match local government organizations with high potential applicants (i.e., students and recent graduates) and provide resources to help them begin a career in public service. Recognizing the value of mentorship in the early stages of one's career, the program not only emphasizes providing scholars with placement in local government organizations but seeks to match them with a highly engaged and dedicated senior-level mentor.

We are in the process of assembling a staff team that will be responsible for the implementation of this new program, and plan to continue engaging Mr. Kean in this process to ensure the program best meets his desire to honor his mentor, Mr. Turner.

Credentialing Subcommittee

Pursuant to the Board's direction at the February meeting, President Brown appointed members to serve on a Credentialing Subcommittee to assist with the design and development of an expanded credentialing program. The subcommittee is charged with assisting staff by thinking through complex issues related to the proposed expansion to ensure that we are headed on the

right path. The subcommittee is being chaired by President-Elect Jeff Towery, and will meet over the coming weeks to examine the policy issues associated with the proposal, along with pros and cons of alternative approaches to address these issues. The goal for the subcommittee is to present a recommendation on the expanded credentialing program to the Board at its June 2022 meeting.

Status of Chief Diversity, Equity, and Inclusion Officer Recruitment

I recently selected the Hawkins Group, a Los Angeles-based executive search firm, to coordinate the recruitment for ICMA's first Chief Diversity, Equity, and Inclusion Officer. The Hawkins Group has nearly 30 years of experience conducting executive searches for public and private organizations. During our initial meeting with representatives from the firm, we discussed the job qualifications and professional experience that will go into the job profile. This will be an executive-level position that will report to me and serve on my Leadership Team. My goal is to have this position filled by the end of the 1Q FY2023.

Grants and Contracts Update

On December 31, 2021, ICMA's long running SURGE program in the Philippines concluded. Meanwhile, the new CHANGE program in the Philippines has recently received a new funding obligation to expand our work in the region. We continue to build out several other new programs, including projects in Indonesia and India. Staff recently returned from a trip to Jakarta, where several staff were hired for the local project field office. We also remain very hopeful that our highly successful "professional fellows" exchanges will restart soon.

In the United States, the long running [SolSmart program](#) with the Department of Energy has concluded with more than 430 communities designated as "open for solar business." As part of the [Solar@Scale program](#), ICMA is currently running a multi-part webinar series for local government officials and community stakeholders on large scale community solar programs. Staff are also actively planning the in-person [National Brownfields Conference](#), scheduled for August 16-19, 2022, in Oklahoma City.

Meanwhile, ICMA's business development team has submitted numerous applications for funding to USAID and other funders. April to June will likely keep staff very busy as we are likely to bid on multiple opportunities for programs in the United States and around the world. I will keep the Board apprised of any new funding that is received.

Internal Technology Improvements

I am happy to share that we have recently made some important technology improvements that will enhance our internal operations, in addition to optimizing our customer service experience for the ICMA membership. These include:

- Telephony Upgrade: Our telephone system upgrade project was completed successfully with the launch of our new RingCentral system on April 14. ICMA staff will now have the ability to make and receive calls from anywhere in the world with an easy-to-use Desktop and mobile app. Additionally, this platform includes several add-on features, such as safe electronic faxing and SMS messaging.
- Cybersecurity Vulnerability Assessment: This past March, the Technology, Engineering, and Data (TED) team performed an external and internal cybersecurity vulnerability assessment (penetration test). We just received the outcome from the assessment and are now taking steps to further strengthen ICMA's cybersecurity posture based on recommendations in the assessment report.
- IT Strategic Plan: Finally, by incorporating input and feedback from ICMA's Leadership Team and staff, the TED staff has developed a comprehensive roadmap and Information Technology Strategic Plan, centered around the four major pillars of (1) Infrastructure, (2) Data, (3) Knowledge Management, and (4) Security. This Strategic Plan will serve as the basis for our IT Governance, overarching all areas of our information technology investments. We will continue to evolve the plan as necessary to stay consistent with the ever-changing technology landscape.

Learning Management System (LMS) Procurement

We have completed the RFP process to select a new LMS for ICMA's professional development programs. Our LMS team has evaluated the submitted proposals and narrowed the field to four final candidates. We are currently conducting a cost analysis of each of the candidates as well as testing the projects for user experience quality (both from the end user/learner and from the instructional designer perspectives).

Following a presentation by each candidate to ICMA's Executive and Leadership Teams, we will then make a final decision, with the goal of selecting a candidate in the next couple of months, and the implementation of the system soon after.

ICMA Headquarters and Future of Work Initiative

This past March marked the second anniversary that ICMA staff have been working remotely because of the COVID-19 pandemic. A lot has been learned from this experience. Overwhelmingly, our employees have reported increased productivity as well as increased satisfaction due to greater work flexibility. At the same time, we have come to recognize that the all in-person work environment of old will no longer be the norm heading into the future. To help us reimagine the future of work at ICMA, we engaged Deloitte – the international consulting firm and one of ICMA's strategic partners – to guide us through this process.

After an extensive data-gathering effort that began last November, along with a series of focus groups, employee interviews and a two-day visioning session, Deloitte delivered their report

earlier this year that brought together the ideas and opinions of ICMA leaders and employees, along with leading practices, to provide scenarios and recommended actions that would continue ICMA's first-class member experience, advance its 21st century workforce, and set a new standard for ICMA's business operations. Recommendations involving technology, finance, telework policies, maintaining organizational culture, and repurposing ICMA's headquarters space, are currently being vetted by an internal project team that will soon bring forward a roadmap for implementation. I will keep the Board apprised on our progress on this initiative.

Meanwhile, we continue to market our headquarters office space for sublease. As I have mentioned in previous board updates, the Washington, DC commercial real estate market has made it very challenging to find suitable tenants. According to CBRE, DC's office vacancy rate, which was a problem before the pandemic and has since gotten worse, recently reached a record high at the end of 2021. It is expected to remain at that level for the foreseeable future and may never reach pre-pandemic levels as many companies and organizations are reducing their office footprints. Regardless, we continue to work with our real estate advisor, Jones Lang LaSalle (JLL), to sublease our space. We have had some interest from prospective tenants in the past few months, but nothing firm so far.

Code of Ethics Review Effort

Members of the Committee on Professional Conduct and ICMA's ethics staff continue to lead focus groups with ICMA members to gain input on the Code of Ethics and its commitments to equity and racial justice. Sessions were conducted with two focus groups in the summer of 2021, at the 2021 Annual Conference in Portland, at all five 2022 U.S. regional conferences, and at three virtual events held between January and April 2022. In response to a communication sent to state association presidents and staff in January, we have also been invited by numerous states to conduct sessions at in-person conferences and via Zoom. Members have been highly engaged, receptive and constructive in this effort.

The member feedback from these 17 events is being reviewed and collated by our consultant, the University of North Carolina's (UNC) School of Government. UNC will use the feedback to conduct a survey to the members which will propose draft language for several tenets and guidelines. The survey will go to all members in early June, then UNC will work with the CPC to review the survey results and feedback and present the findings to the Board at the September 2022 meeting.

Depending on the complexity and clarity of the findings, the Board could elect to vote on the matter at the September meeting or defer consideration to the December meeting. As a reminder, any proposed changes to the tenets are subject to a vote of the membership. A ballot can be distributed to the membership at any time. Changes to the guidelines are the responsibility of the Board and typically are presented for consideration after the membership

vote on tenets. In summary, the project is on target to meet its goal to conclude by the first quarter of 2023.

African American City/County Manager Documentary Project

ICMA has completed the first phase of a research project on the first generation of African American city and county managers that joined the profession in the period from 1968 to the founding of the National Forum of Black Public Administrators. According to our research, Mr. James Johnson became the first African American city manager following his appointment with Compton, CA in 1968. Staff and I are planning a trip to Sacramento to get Mr. Johnson on video sharing his memories and perspectives on being the first, a distinction I appreciate, having served as both the first African American City Manager of Austin, Texas and the first African American CEO/Executive Director of ICMA.

CEO Work on Mental Health in the Workplace

With May being *Mental Health Awareness Month*, CEOs from several of the nation's leading nonprofit organizations, including ICMA, are joining together and calling for an increased commitment from American business and nonprofit leaders to address employee mental health. It is an effort to transform our nation's workplace culture by normalizing the conversation over mental health issues. ICMA has chosen to participate in response to the well-documented psychological impact the COVID-19 pandemic has had on our nation's workforce, especially those in local government service. Organizations joining ICMA include the American Public Health Association, American Psychological Association, National League of Cities, and the YMCA of the USA.

As part of this campaign, I plan to ask our Full members who are city or county CAOs to make a formal commitment to strive for mental health excellence in the workplace by asking them to implement the following essential actions, programs, and policies:

- Train their managers to support employees' mental health
- Increase employee options for where, when, and how they work
- Reexamine employee health insurance policies with a focus on mental health
- Listen to what their employees need and use this feedback to improve organizational culture
- Analyze their organizational policies through a lens of diversity, equity, and inclusion

ICMA members who want to learn more can visit www.workplacementalhealth.apa.org to enlist their organization as well as to learn science-based steps to advance a healthy workplace culture.

Professional Development Symposium in London, UK (July 8-9, 2022)

The planning for ICMA's Professional Development Symposium in London continues to take shape. Already, over 20 International Committee members as well as other ICMA members have expressed their interest in being presenters (most are covering their own travel costs). The

programming for the Symposium will be based on the 14 core practices. Partnering with ICMA on this inaugural event is the prestigious Maxwell School of Citizenship and Public Affairs at Syracuse University, and the Solace Group, an organization widely recognized as the leading network of public sector professionals in the UK. A webpage with information about the Symposium is under construction but will be up and running soon, with registration expected to open on May 15.

cc: Jim Malloy, ICMA Past President
Jeff Towery, ICMA President-Elect
ICMA Executive Board Members
ICMA Leadership Team
ICMA Regional Directors