

Proposed Staff Change

Amounts include wages and benefits estimated at 45%

<u>Position</u>	<u>Total</u>	<u>Percent</u>	<u>Original Budget</u>	<u>Proposed Budget</u>
<u>Telecommunication Fund</u>				
Wanderscheid	135,000	35%	\$ 47,250	
Tuneberg - Central Service Charge	135,000	30%	40,500	
Tuneberg - Direct	140,000	20%		28,000
IT Director - New	120,000	80%		96,000
Secretary	53,464	15%	8,020	
Technician	54,577	100%	54,577	
			150,347	124,000

<u>Electric Fund</u>			<u>Elect \$</u>	<u>Proposed Budget</u>
Wanderscheid	135,000	65%	87,750	-
Wanderscheid	135,000	100%		135,000
Secretary	53,464	85%	45,444	
Secretary	53,464	100%		53,464
			133,194	188,464

<u>Central Service Fund Impact</u>			<u>CS \$</u>	<u>Proposed Budget</u>
Tuneberg	135,000	100%	135,000	-
Tuneberg	140,000	80%		112,000
IT Director - New	120,000	20%		24,000
Controller - New	108,000	100%		108,000
Account Representative - New	70,723	100%	70,723	
			205,723	244,000
Central Service Charge Adjustment			(40,500)	-
Total			\$ 448,764	\$ 556,464

Memo

DATE: May 3, 2005
TO: Mayor and City Council
FROM: Dick Wanderscheid
REGARDING: Vacant Telecommunication Technician Position

The proposed AFN budget for next year does not include funding for the Telecommunication Technician position which was a new position that was added to this year's budget (FY 04-05). That slot was filled in mid September and was filled until February 5, 2005 when the departure of another employee, our Headend tech created the vacancy that currently is being filled by having the Telecommunication Tech working out of class in this position. The vacant slot was then filled by hiring out of the union hall on a temporary basis. This position was created because of the Navigant study which determined that AFN was well below national averages for employees per customers. It was envisioned as some one who could help out with both marketing and technical issues on an as needed basis.

This job was not included in the proposed budget to help offset the costs of the new AFN/Computer Services manager position. Because we have back filled the vacant job with temporary help, AFN has had a full complement of staffing since mid September. Loss of this employee in the next budget year will result in less production from AFN staff and customer service could be compromised. There is money budgeted for temporary staff to help with the fall return of students.

More realistically however some of the behind the scene but very necessary tasks will probably suffer more than customer service. This could have long term negative effects on system reliability. Many tasks that have not been done from Network launch because of the build out and rush to sign up customers can no longer be ignored. Tasks like FCC mandated performance testing, continuous sweeping and balancing of the system, fiber management and cable design simply must be done or system reliability and legal benchmarks will not be met. Adding this new position to AFN's staff was critical to begin catching up on these areas. New construction is also a critical area that suffers from lack of staffing.

Filling this vacancy does provide the ability to install AFN service in a much timelier manner which is important for many new customers who don't like to wait extended periods of time for their install. This is especially important in the fall with the return of SOU students. It also provides backup and special as needed help on out of the ordinary projects and provides an additional on call person for weekend duty rotation.



The new AFN Manager will no doubt evaluate personnel needs and have to determine appropriate staffing levels. Funding this position and leaving it vacant would allow the new manager to select a person with appropriate skills and place them in this slot if that seems warranted. If they don't see a need to fill the position it could remain vacant as a cost saving measure. Having the vacant slot would also allow flexibility in any restructuring of duties that the new manager might find beneficial. Handing the management of AFN to a new individual without the appropriate staffing will greatly hamper the chance of implementing changes which can help turn around the financial situation at AFN.

Options

- 1) Do not fund this position at this time. Allow the new manager to evaluate AFN' s needs and allow their discretion to possibly redesign the position, develop different restructuring efforts, evaluate out sourcing of critical tasks, or explore other more efficient ways for AFN to deliver services.
- 2) Fund the position for FY-05-06 but leave it vacant until the new manager can evaluate the job description and fill the vacancy
- 3) Fund and fill the current vacancy immediately.

While there is a need for AFN to have adequate resources to complete the various tasks at hand and because an outright loss of this position without mitigating it in some other manner could seriously impacts this ability, my recommendation would be to pursue option one at this time. This would allow the new individual the utmost flexibility in shaping the AFN staff and tailor the vision of the best way to achieve success.



Memo

DATE: April 29, 2005
TO: City Council
FROM: Gino Grimaldi, City Administrator
RE: AFN Reorganization

Background

Over the past several months staff has been evaluating the organizational structure of the Ashland Fiber Network (AFN) with a particular emphasis on its location in the overall city structure. Lee Tuneberg, Dick Wanderscheid, and Tina Gray participated in the evaluation.

AFN is currently a part of the Electric Department and under the responsibility of the Electric and Telecommunications Director. Until recently, a “shared” AFN sales position located at City Hall was under the Direction of the Finance Director but is now part of the Electric Department. Billing and collection are the responsibility of the Finance Department. Potential AFN customers first contact the city to purchase city utilities by contacting the Finance Department.

The group of employees that provides support to the city’s computer systems, networks, personal computers, and phones is under the direction of Telecommunications Engineer. The Telecommunications Engineer’s time is split between AFN and computer services. This position reports to the Electric and Telecommunications Director.

Discussion

The Electric Department and AFN represent significant responsibilities. Electric fund expenditures are approximately \$11 million with 21 employees. AFN is a business with expenditures of \$2.6 million with 8 employees. The expertise to manage the city’s electric utility and AFN are different. Initially, during the construction phase of AFN, the experience and knowledge needed to manage both were in better alignment. However, now that the construction of the AFN system, with exception of providing service to new developments, is



Memo

complete, it is time to shift the emphasis of the management of AFN to maintaining the existing infrastructure; keeping current with the ever changing world of technology; increasing the customer base for the current AFN products; and evaluating new AFN products that will improve the Financial condition of AFN. There are also a number of challenges and opportunities facing the Electric Department that will require the full time attention of the Electric and Telecommunications Director. Those challenges and opportunities include the evaluation and implementation of a SCADA system, implementing the new rate structure from BPA, purchase of the Mountain Avenue substation, re-negotiation of BPA contract and succession planning for key positions.

In short, AFN and the Electric Department require the attention of full time managers.

Potential customers of AFN are people who are currently subscribers to the competing providers of cable television and internet services. Recent marketing efforts have shown that it is difficult to move customers from the competition to AFN. The best opportunity to bring a new customer to AFN is when they come to the city to establish utility services. This activity occurs in the Finance Department. Placing employees that have the greatest opportunity to obtain additional customers in the same department, under the same leadership with the other AFN employees increases the ability to obtain new customers and to provide consistently good customer service.

AFN relies heavily on the Finance Department to prepare financial information used to make short and long term revenue and expenditure projections. This reliance on the Finance Department exceeds what is required by most city departments. This is due to the fact that there is a lack of staff time available within AFN to evaluate and prepare financial information. As information flows between the two departments it increases the probability that errors will occur.

Propose Organizational Structure

It is proposed that the Electric and Telecommunications Director dedicate 100% of his time to the management of the Electric Department.

The responsibility for the management of AFN be assigned to a newly created position. The tentative title for this position is IT/Telecommunications Manager.



Memo

The IT/Telecommunications Manager will report to the Finance Director.

The proposed organizational structure will require the elimination of the Telecommunication Technician in AFN. This is being done in order to accommodate the increased cost associated with having a full time manager of AFN. The Telecommunication Technician position is currently vacant.

A Controller position will need to be added to the Finance Department in order to backfill for the time that the Finance Director will need to spend on AFN and Computer Services issues. The Controller position will also assist the Finance Department in completing critical tasks that they are not able to complete at this time.

Financial Impact

It is anticipated that the financial impact to AFN will be almost neutral due to the savings from an eliminated positions and recognizing corresponding changes in Central Service Charges. The impact on the Central Service Fund is an increase of approximately \$40,000 that will be shared by all departments benefiting by added support from the Controller.

Future Issues

The impact of the elimination of the Telecommunication Technician will need to be carefully monitored. It is critical that the reliability of the AFN network be maintained and that customer service requests are addressed promptly.

The knowledge, skills and abilities of the new manager position will need to be carefully crafted. It is anticipated that there will be an emphasis on selecting a person with direct experience managing a private or public system similar to the size and scope of AFN.

Alternatives Considered but Rejected

All of the alternatives considered other than maintain the status quo, included dedicated 100% of the time of the Electric and Telecommunications Director to the Electric Department and creating the AFN/Computer Services Manager.



Memo

Several alternatives that were rejected involved variations on how to absorb the impact of moving AFN under the Finance Director. The variable for these alternatives revolved around the number of staff to add to the Finance Department.

Moving AFN under the City Administrator was evaluated but rejected due to the increased workload it created by adding an additional position reporting to the City Administrator.

Separating Computer Services from AFN and creating a separate Computer Services Department was also rejected due to the overlapping responsibilities between AFN and Computer Services. The two could be split but it would result in increased costs for both AFN and Computer Services.

A more comprehensive reorganization involving the creation of an Administrative Service Department was rejected to the relatively high cost of the alternative.

Implementation Timeline

Full implementation of the proposed organizational structure cannot take place until the 2005-06 budget is approved. However, staff will be proceeding with the recruitment of the AFN/Computer Services Manager as soon as possible so that the position can be filled shortly after July 1st. The interim transition of AFN to the Finance department will begin immediately and will require moving ahead with steps to backfill the Finance Director to enable this transition.

CC: Dick Wanderscheid
Lee Tuneberg

