



with LaShea Lofton

Deputy City Manager and Acting Finance
Director for the City of Dayton, Ohio



Decision-makers have to think about what leadership means to them, and to their organizations. **LaShea Lofton**, the deputy city manager and acting finance director for the City of Dayton, Ohio, has extensive experience in bringing a team together. GFOA's **Ryan Lawler** talked to LaShea about her strategies for handling unexpected challenges, most recently the COVID-19 pandemic.

How have you as an individual and your staff adapted during the pandemic?

When the pandemic started in early 2020, Dayton was already in the mindset of responding collaboratively to community-wide crisis. We became the unfortunate experts in managing multiple back-to-back crises, like simultaneous tornadoes, a KKK rally, and a tragic mass shooting in 2019. Initially, as the finance director, my first priority was to provide accurate information to city leadership so the administration and elected officials

could make sound decisions quickly, accurately, and early. But I also manage a department of 65 people, and they all became my overarching concern throughout the pandemic. I quickly realized that I had to slow down enough to hear and appreciate the anxiety and uncertainty that my staff was operating in and allow us to come together as a team—as a department—and talk through the change and upheaval brought on by this unforeseen and prolonged crisis. I am very tactical; if there is a problem, I want to go right at it and get into solving it. But managing in this pandemic amplified that amid all of the systems, budgets, finances, and decisions that needed to be made, there were people at the heart of all this work who also needed attention and support. It's been very good for me to keep this in mind, as it allowed me to operate in a more compassionate way—which was necessary for us to sustain quality performance effectively in this environment.

Besides the team adapting to work differently, the department's operations and services also had to adapt. Like all other departments, the city manager instructed Finance to develop a continuity of operations

plan. Police, Fire, Water—all of these large operational departments—had continuity of operation plans, but we didn't have anything like it. I had to do some research and homework to determine what a continuity of operations plan would look like for a public finance department. This investigation and the subsequent process of developing an ops plan for our staff and services were really useful for us. It helped us identify which services and processes were critical in a crisis, and how a crisis would affect those systems' operability. It forced us to think through questions like: How would we access systems if we had to work from home? What if key people who had access to the bank and to passwords to critical systems, like payroll, got sick? Who was their back-up? Did these back-up staff have the knowledge and authority to get into those systems?

Completing the finance operations plan was the biggest exercise that helped us prepare for when the governor issued shutdown orders, and when services were halted, or when the water shut-off moratoriums issued by the Environmental Protection Agency went into effect. Inevitably, these actions, along with the city's own directive to

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socially distance and ensure that only essential employees were at work, affected who we could have in the office and who would work from home—and how. When all of these measures were enacted, we had a plan that we could follow as a staff for making sure that no matter what was happening, we had a base of operations, and none of our systems, data, or operations would be compromised. For Dayton's Finance department, the ops planning process and the subsequent plan was one of the most significant works that we accomplished together, and it helped us manage and maneuver.

Another big adjustment the Finance team and I had to make was managing all of the regular Finance work plus the added monitoring and analysis of our financial health remotely. This has been very challenging. We all had to learn how to work in an environment altered by social distancing, emergency shut-down orders, and sanitizing protocols. We had to get creative about serving both the public and our internal departments effectively and safely, like setting up an online appointment scheduler for tax customers or revising our payment plan policies for Dayton water customers, or automating forms

and submission procedures for invoice processing, and tracking employee timesheets electronically. It was pretty challenging, but we rose to it. Working in such a new environment actually reveals how effective your leadership has been as a director. If staff can continue to work effectively and be productive without being able to interact and collaborate as usual, and without normal access to the other resources they usually have, then you know you've built a great team.

Is there anything that surprised you over the last few months as your work evolved?

I was really impressed by how much our citizens supported our business community, and how they in turn supported each other, especially after they gave of themselves so much during the 2019 tragedies. Businesses were so innovative in trying to alter their business operations to survive, and the city and its citizens adapted and found ways to help keep as many as we could afloat. The other phenomenal feat that impressed me was how well the city maintained essential services while managing revenue losses. While we didn't experience the level of revenue loss that we anticipated early on, it's been

interesting to watch the things that city leadership has done creatively as a service provider and a community to be safe, but also maintain quality services for our customers.

The pandemic has had a serious effect on municipal finances. How has it impacted the City of Dayton's budget?

Dayton's 2020 budget had already been prepared with a projected two percent decline in revenue for our general fund. We were anticipating the much-talked-about recession hitting at some point in 2020 primarily affecting our income tax collections, which make up about 70 percent of the city general fund revenue. However, as the pandemic raged on, its impact on the community also caused significant declines in other revenue sources. By the end of 2020, our general fund revenues took quite a hit, mostly in the areas of fines, permits, and fees for services. Most of these categories experienced double-digit decreases in revenue. We now believe that income tax revenue was artificially held at bay from the level of decline originally projected, primarily because of the CARES Paycheck Protection Program and other one-time revenue. The city

also received \$17.5M in Federal CARES (Coronavirus Aid, Relief, and Economic Security) funding, which was distributed in three different disbursements from the State of Ohio, through the county.

Other funds were not immune from the impact of COVID. Aviation experienced deep declines in revenue from the nearly halted air travel, and Water and Sewer enterprise operations, which were impacted by some consumption decline from business closures, also had to make budget adjustments and control spending.

The city also received increased money through Community Development Block Grant programs and some direct grants from departments like the Department of Justice. Our Aviation Department received about \$14 million to help it offset revenue losses. While we appreciated and needed the funds that we received through CARES, the restrictions that came with some of the money and the compressed timeline for spending really challenged us to think about how to act and how this would actually fill any revenue gaps that we had. I think Dayton has been very strategic in allocating these funds. Before the deadline was extended, Dayton had encumbered its funding and spent most of the \$17 million, but it took an enormous lift in terms of mind capital and staffing to think through and plan on getting that done, especially considering how supply chains broke down across industries providing goods and services needed during the pandemic.

By year's end, the city had weathered the storm of COVID and its assault on the city's finances because of the early and decisive action taken by the city manager and supported by our elected officials. These actions included a hiring freeze throughout the organization, abolishing all vacant positions, offering a one-time voluntary separation plan (VSP), implementing stringent cost reductions and spending controls to keep in line with projected revenue loss, and weekly financial updates from the policy team

that included Finance, Procurement, Management and Budget, Human Resources, Law, and the Deputy City Managers. All of these measures have long-term impacts. The mass exodus of experience that left through the VSP, the deferred maintenance or replacement of aging infrastructure and equipment,

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the loss of businesses, and the cost of reconfiguring operations to manage a new demand for service delivery will certainly challenge the city's ability to provide the level of service that we are expected to deliver every day.

We ended the year, because we have to, with a balanced budget, primarily due to CARES funding, several one-time funding sources, and excellent planning, monitoring, and management of expenses.

What are you expecting moving forward? What are the major initiatives for the city in 2021?

In 2021, our budget priorities are to maintain quality city services and continue to reinvest in our neighborhoods, particularly those that have experienced years of disinvestment, while we also keep our workforce and citizens healthy. We are also certain that we will need to make investments in technology differently and at an increased level to serve our citizens and our customers and businesses the way they're going to need to be served. Further, in the last two to three years, there has been an incredible amount of reinvestment in downtown and our neighborhoods by businesses that have not participated in our economy in a while. I believe that this commitment and investment will continue in 2021, and the city is excited to partner in that.

Improving community and police relations, and confronting systemic racial and social injustice, are also 2021 priorities. In 2019, we often spoke of dealing with two pandemics in our city—the natural health pandemic of COVID, and the pandemic of social and racial injustice. The community's response to national events led our mayor to bring together community and business members, city administration, and police to discuss the change needed to improve the community and police relations in Dayton. The city has been engaged in a comprehensive community-led effort in police reform and ensuring equity and inclusion are visibly valued since the late summer of 2019. The recommendations coming out of the police reform initiative will require some investment to create change.

The additional funding from the new 2021 stimulus package will be a significant boost to our local economy and help us recover from the

setbacks our communities endured in 2019. True to Dayton's leadership character, we have already begun planning collaboratively to ensure the judicious expenditure of this one-time allocation. Every city and every county operate differently; their economic bases are different, and their challenges and opportunities are different. We need to have the ability to make local decisions about the use of federal monies, and I am glad that the federal government recognized that local governments required its financial support to pull out of the mire that 2020 left so many of us in.

Congratulations on your recent promotion to deputy city manager! How have your responsibilities shifted as you've moved to the city management office? How has your finance background helped in the transition?

Nearly eight months in as deputy city manager, I am also serving as the finance director until we hire a new one. My new responsibilities of providing leadership to the departments of Aviation, Public Works, and Information and Technology actually complement the work I do in Finance. I can see opportunities for greater collaboration among all of these departments, and Finance in policy development, customer service, and integrating technologies. Once the director position is filled, Finance will still work with me, so I'm glad that I will still get to be a part of its continued success.

As a finance director who has worked in and managed other city operations, I understood how Finance intersected with other city agencies. I wanted to develop a new relationship with other department directors, so they viewed Finance as a partner in their success,

not a roadblock or just an agency they had to go through to get their work done. This approach reoriented my perspective, and I began to lead our staff in viewing the other departments as our customers, not just another city department that had to comply with our policies and procedures. This perspective, and more than 30 years serving in various financial management and leadership positions in the organization, now serves me well as I transition to the City Manager's Office, where I can continue to lead strategically and serve effectively.

You were recently recognized as a GFOA Hero for your ability to go the extra mile. Are there any examples you might want to share? You have mentioned several examples: tornadoes, KKK rallies, a mass shooting, and now a pandemic.

Over the past two years, I have challenged my team and tried to inspire them to challenge the status quo of how we operate. Not that anything we were doing is wrong or not working, but there is so much more that we should do as a finance department—not just for our own sake, but for those who depend on our products and services. Every year, I pull our entire department away from the office on a Saturday so we can celebrate our prior year's accomplishments and then focus on what we are going to do together in the coming year to build, evolve, produce, and provide a better experience for our customers. Many would say this type of work is not necessary to get an audit done, or to make wise investment decisions, or to ensure businesses are tax compliant. But I believe that this type of corporate planning and refocusing on our mission is what causes the team to perform these activities at a higher level.

You've had a long career at the City of Dayton, but are there things that you have learned within the last year and a half that you feel has made you a better leader? And what lessons are you going to hold on to through the rest of your career?

Of course, a crisis reveals so much about who and what you are as a leader and as an organization. My advice is to not be afraid to take on a challenge. How you manage a challenge can define the depth and quality of your leadership, so do not run from it—embrace it. In addition, the investment that you make as a leader in your team pays dividends when you are in a crisis. Make sure that your staff is well trained, that they are supported, that they feel valued, and that they are working toward a common mission and a common goal. When you get into a situation or crisis is when you really begin to see that the investment was worth it. Investing in people, not just processes or procedures, has certainly proven worth the time and investment I've given it over the several years. The finance team has risen to the challenge; they come ready to solve issues creatively, and they are excited about some of the changes that we are making internally that allow them to maximize their skills and professional interests. There is no way that I could serve as deputy city manager and finance director right now if I were not confident that my finance team could maintain their level of excellence as I manage dual responsibilities. The value of team-building and promoting that value at all levels of the organization is certainly one lesson that I am going to continue investing in as I go forward. ■

***Ryan Lawler** is a senior manager in GFOA's Research and Consulting Center.*