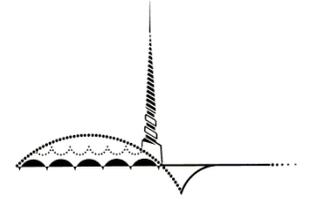


County of Marin
Board of Supervisors



Long-Term Restructuring Workshop
Presentation of Draft LTR Plan

December 15, 2009



Overview of the County's Long-Term Restructuring

Why are we doing this?

- Consistent with our tradition of prudent fiscal management
- Given the scope of the challenges, we recognize the need to take a longer-term perspective
- We want to reduce our spending consistent with our goals and values
- We need to find ways to improve the efficiency and effectiveness of our business practices
- By being proactive, our goal is to make tough decisions now to avoid deeper cuts in the future



Overview of the County's Long-Term Restructuring (*con't*)

How will the LTR plan be used?

- Beginning of process to rebalance budget and improve our business processes
- Identifies future strategies to better address long-term liabilities and adapt to changing fiscal conditions
- Establishes broad principles and strategies to guide future decision-making
- Provides opportunity to think differently and creatively about the role of County government and how we provide our services

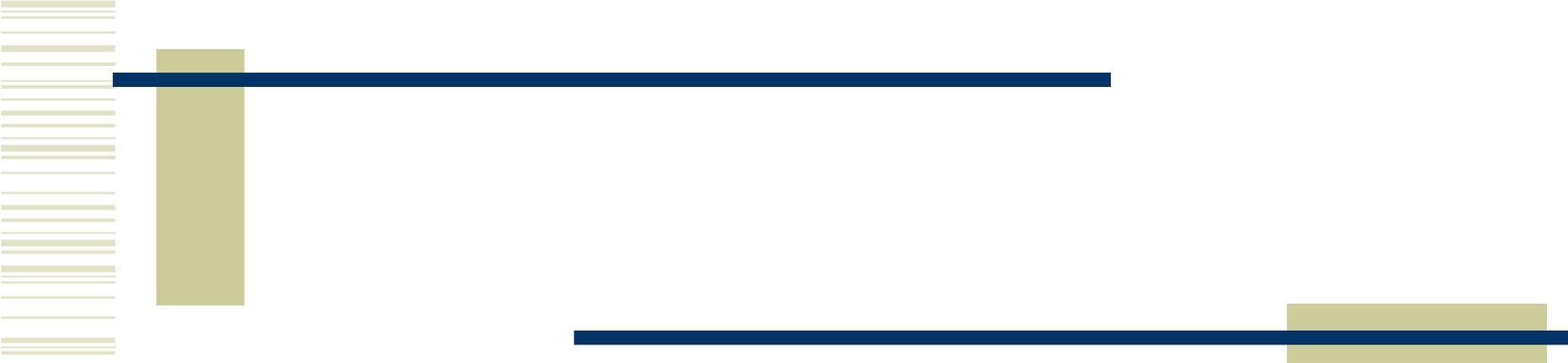
Overall Status of Long-Term Restructuring Process

- ✓ March-August
 - ✓ Initial community and employee engagement
 - ✓ Submission and review of possible restructuring options
- ✓ September
 - ✓ Presentation of initial long-term restructuring policy options
- ✓ October-November
 - ✓ Continued review and analysis of policy options
 - ✓ Continued community and employee engagement
- ◆ December
 - Presentation and review of draft long-term restructuring plan
- ◆ January-June
 - Adopt LTR plan and consider policy options as part of the FY 2010-11 budget process



Overview of Draft Long-Term Restructuring Plan

- ◆ County Financial Overview
- ◆ Policy Filter
- ◆ Emerging Issues
- ◆ LTR Policy Options
- ◆ Recommended Next Steps



County Financial Overview



20-Year Review of County Budget

20-Year “look back” (FY 2008-09 vs. FY 1988-89)

- Overall County growth rate exceeded rate of inflation; real growth rate approx. 3.25% per year over 20 year period
- Benefits growth – health, retiree health, and pension contributions – increased more than other expenses
- Significant investments in technology and safety net services

Over the past 5 Years

- Slower growth in spending, and no growth in positions
- Even in good times, limited ability to address new and emerging community needs

Per Capita Spending Comparison

All Counties Summary

Counties	Expenditures	Revenues	Positions (Full-Time Equivalent)	Per Capita Expenditure (Total Pop)
Monterey	\$939,499,117	(\$843,033,021)	4638.10	\$2,175
Napa	\$296,497,538	(\$239,671,760)	1292.43	\$2,155
San Mateo	\$1,494,411,052	(\$1,399,216,657)	5516.10	\$2,004
Santa Barbara	\$826,121,705	(\$753,443,369)	4024.95	\$1,915
Sonoma	\$885,428,016	(\$816,292,970)	4048.00	\$1,820
San Luis Obispo	\$460,056,559	(\$443,786,930)	2433.50	\$1,701
Marin	\$434,594,815	(\$405,244,209)	2192.93	\$1,680
Santa Cruz	\$402,918,306	(\$391,671,989)	2261.60	\$1,500
Median	\$643,089,132	(\$598,615,150)	3229.23	\$1,867
Mean	\$717,440,889	(\$661,545,113)	3300.95	\$1,869

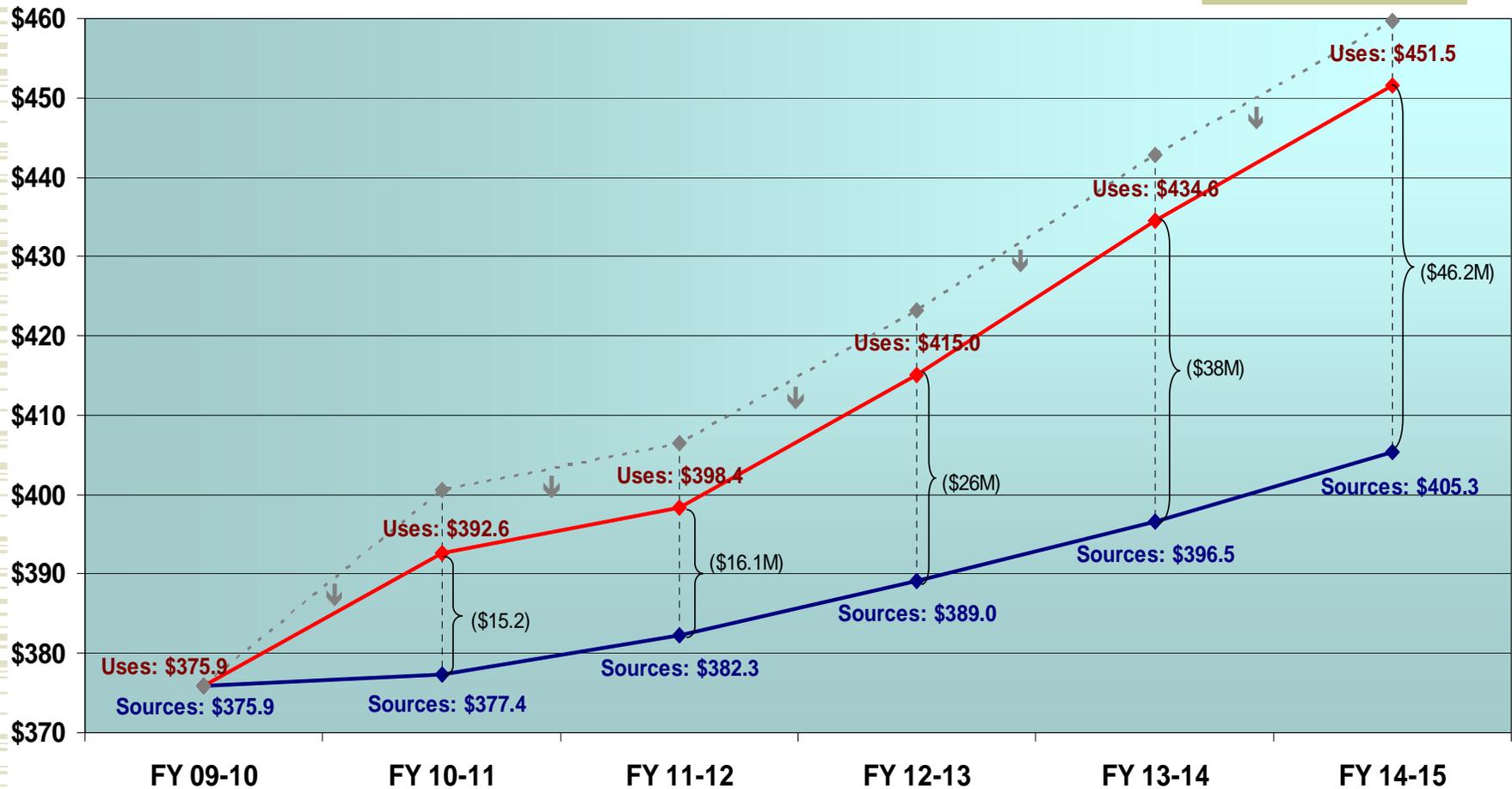
County Impacts from Economic Downturn

Economic downturn is continuing to impact the County in several ways, including:

- Slowdown in property tax growth;
- Continued State budget reductions;
- Market losses in pension holdings, leading to increased pension costs beginning next year;
- Greater demand for County “safety net” services, such as employment training, healthcare and other social service programs – *at the same time the State is cutting these programs*

5-Year Projected General Fund Operating Budget Gap

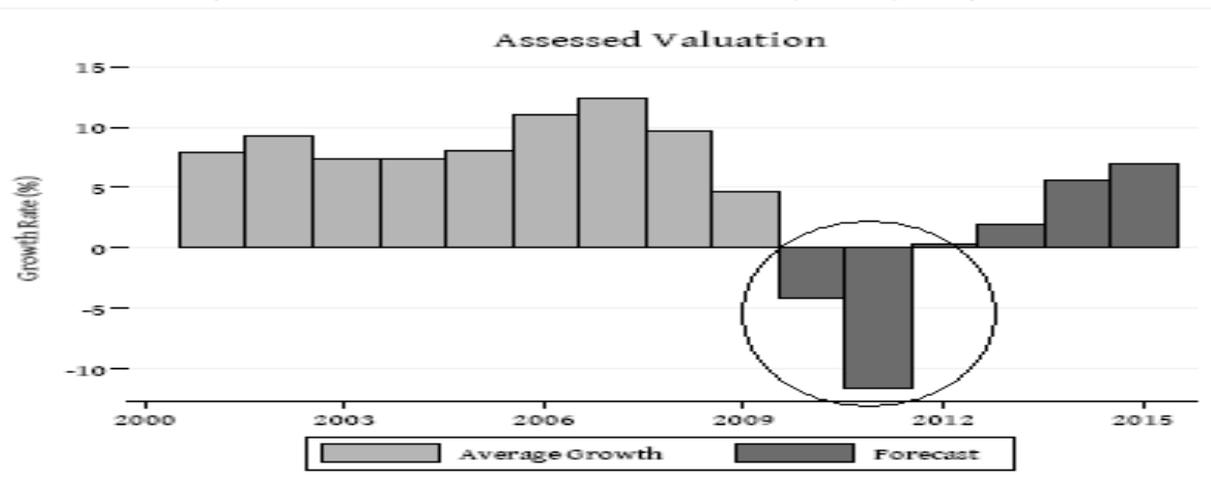
(\$ Millions)



(Dotted line reflects projected uses had FY 09-10 budget solutions been one-time vs. ongoing)

Short-Term Future of Property Tax Collections

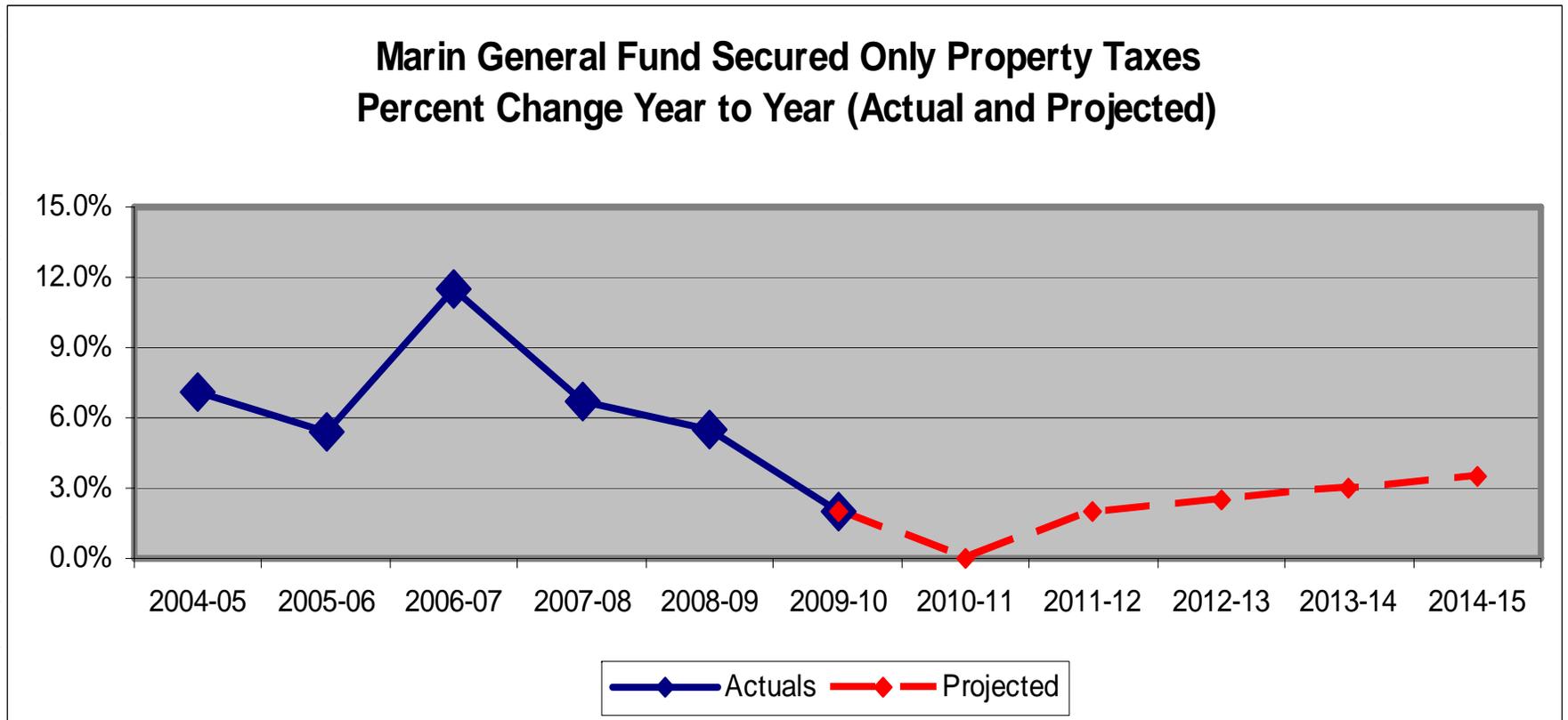
- Recent real estate recovery based more on short-term policy stimulus, not economic fundamentals. *Beaconomics* forecasts AV statewide of -4% in 2010 and -10% in 2011 (property tax collections lag real estate market by 2 yrs)¹



- “...While much attention has been focused on the travails of Sacramento, this quiet crisis is just about to start.”¹

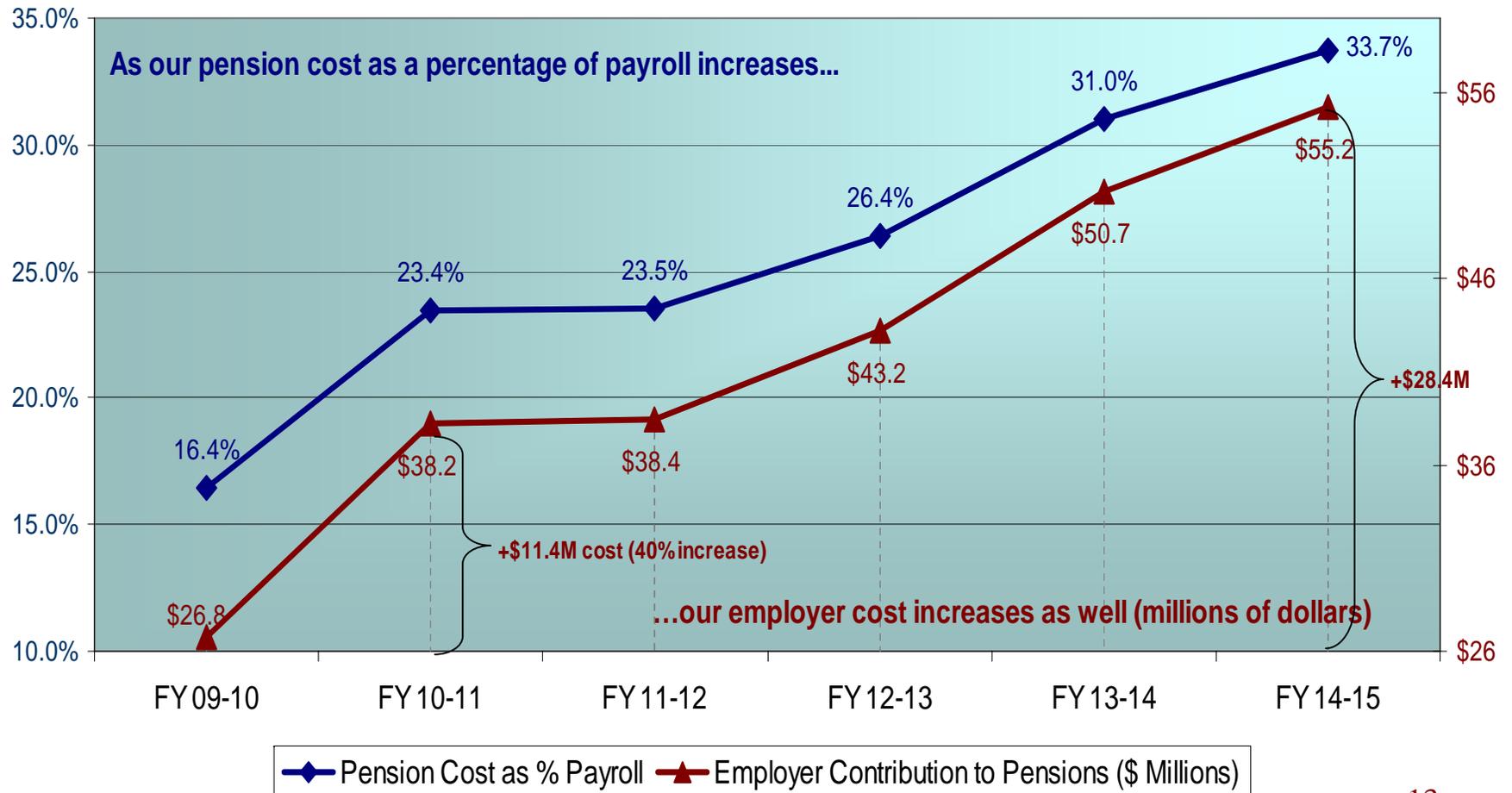
1. *Beaconomics*, December 2009: “A quarterly economic forecast for the U.S. and California”

Secured Property Tax Collections: Percent Change Year to Year



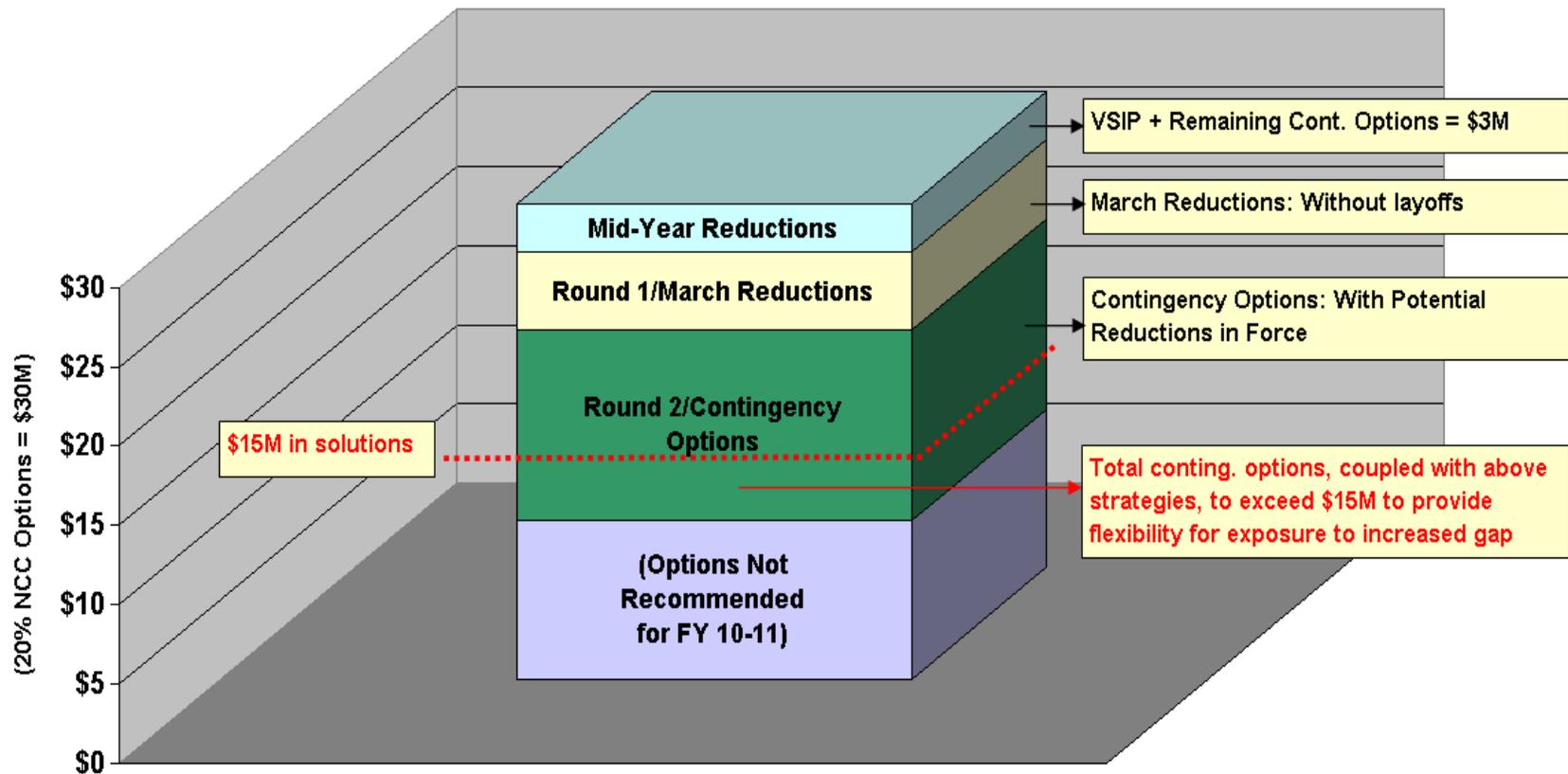
Projected General Fund Pension Contributions

(\$ Millions)



FY 2010-11 Budget Strategy

\$15M Internal Shortfall (w/o State Cuts)



■ (Options Not Recommended for FY 10-11)
 ■ Round 2/Contingency Options
 ■ Round 1/March Reductions
 ■ Mid-Year Reductions



Overall Assessment of County Finances

Strengths

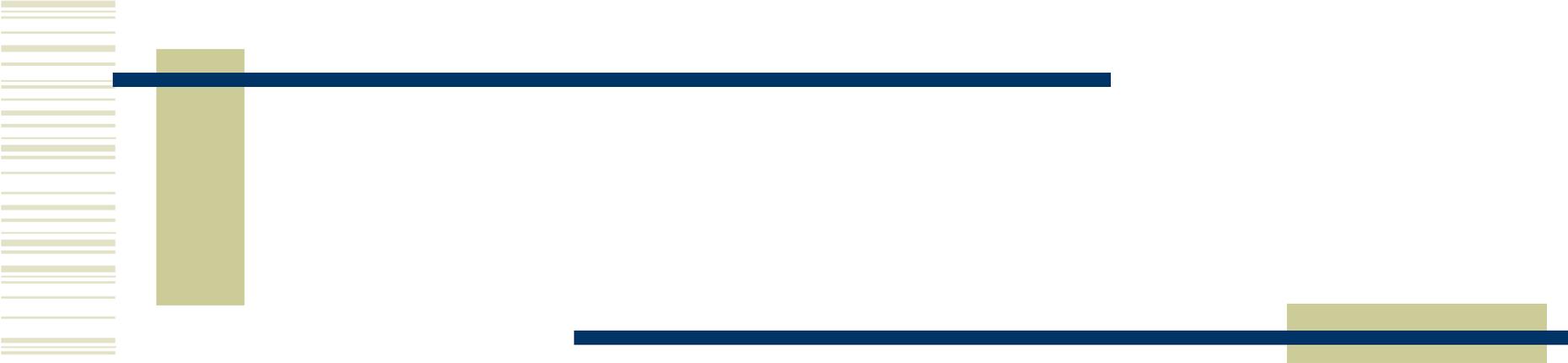
- Tradition of fiscal discipline
- Decision-making based on strategic planning
- High bond rating/low debt service
- Use of one-time sources only for one-time uses
- Net County Cost (NCC) focus provides incentive to increase revenues
- History of innovation and collaboration
- History of making reductions to live within means



Overall Assessment of County Finances *(con't)*

Weaknesses

- Greater need for organization to adapt to changing conditions
- Projected revenue slowdown
- Continued threat of State budget reductions
- Significant long-term liabilities - including retiree health, facilities, roads, and pensions
- Limited capacity to address new and emerging needs



Policy Filter

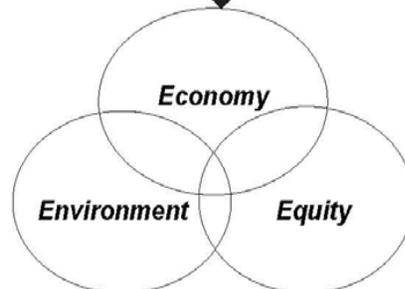
Policy Framework

VISION AND
MISSION

A Sustainable Future for Marin County

The mission of the County of Marin is to provide excellent services that support healthy, safe and sustainable communities; preserve Marin's unique environmental heritage; and encourage meaningful participation in the governance of the County by all

GOALS



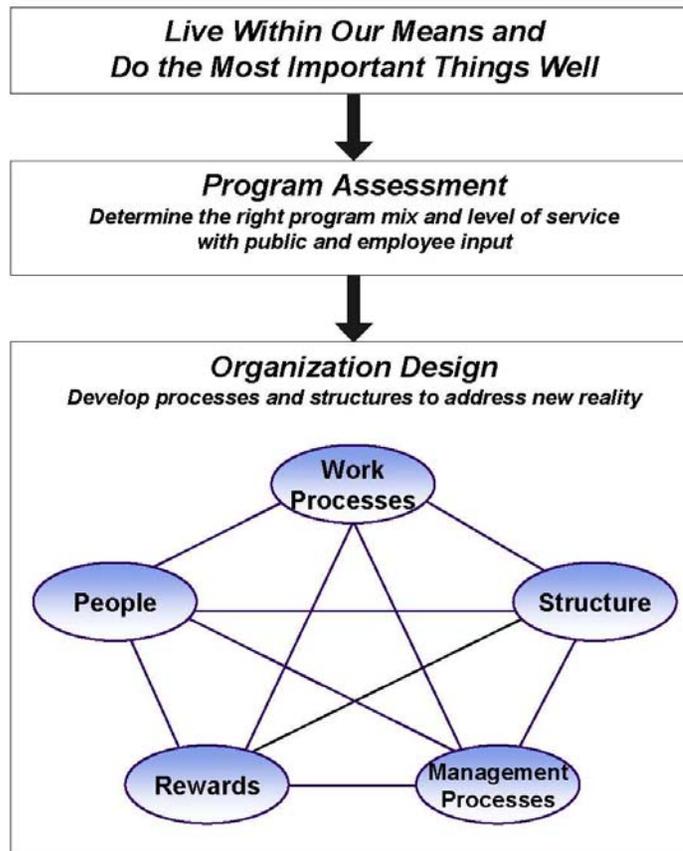
Well-Managed County

Vision, Mission, Goals

- ◆ Overarching vision of sustainability
- ◆ Mission defines important role of County government
- ◆ Goals represent three “Es” of sustainability—Economy, Environment, and Equity
- ◆ Foundation of “Well-Managed County” to provide efficient and effective services

Policy Framework *(con't)*

LONG-TERM
RESTRUCTURING
STRATEGY



LTR Restructuring Strategy

- ◆ Intent is to “live within our means and do the most important things well”
- ◆ Need to continually assess program mix and service levels in allocating resources
- ◆ Public and employee input part of assessment
- ◆ Organizational design is important in developing processes and structures to address new reality

Community and Employee Engagement

- ◆ Budget and Restructuring Website
- ◆ Budget Suggestions
- ◆ Community Survey
- ◆ Community and Employee Forums





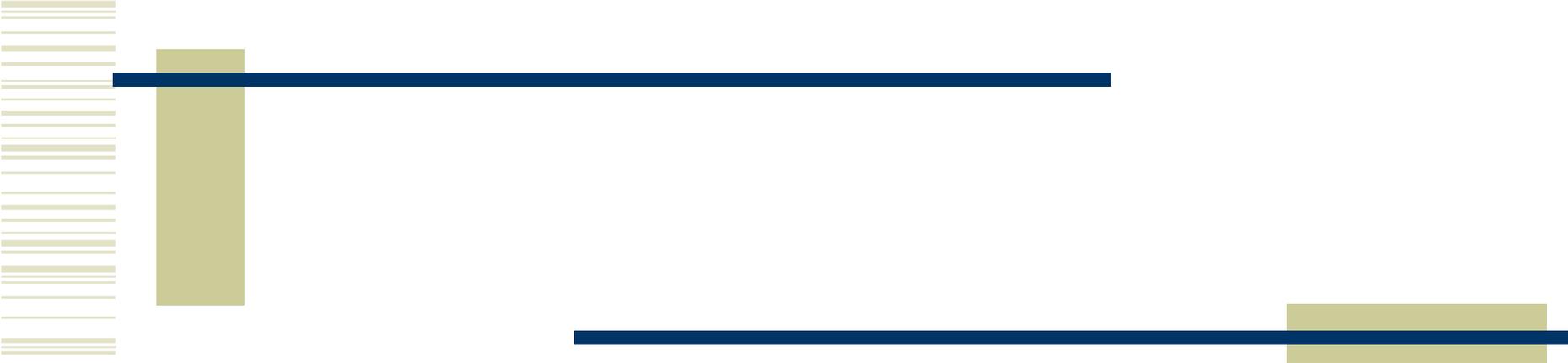
Proposed LTR Guiding Principles

1. Make budget adjustments consistent with vision of sustainability while continuing to ensure safe and healthy communities
2. Identify ongoing savings to reduce long-term costs
3. Explore opportunities for additional revenues to offset or augment program costs
4. Focus on priorities and link services to community and organizational needs
5. Use results to inform decisions and continue providing high quality of service



Proposed LTR Guiding Principles (*con't*)

6. Promote creative and innovative solutions
7. Provide fair and consistent process
8. Develop mix of options and solutions at countywide, service area and departmental levels
9. Engage the public and employees to share information and involve them in finding solutions
10. Provide supportive work environment for employees to adapt to continuously changing conditions



Emerging Issues



Key Emerging Issues Shaping and Influencing the County Budget

- ◆ Growth in pension costs
- ◆ Growth in health benefit costs
- ◆ Long-term facilities maintenance needs
- ◆ Long-term road and bridge maintenance needs
- ◆ Need for more adaptive budget strategies
- ◆ Potential for enhanced community partnerships
- ◆ Opportunities for greater level of volunteerism
- ◆ Use of “electronic government”
- ◆ Need for more dynamic structures and systems

Growth in Pension Costs

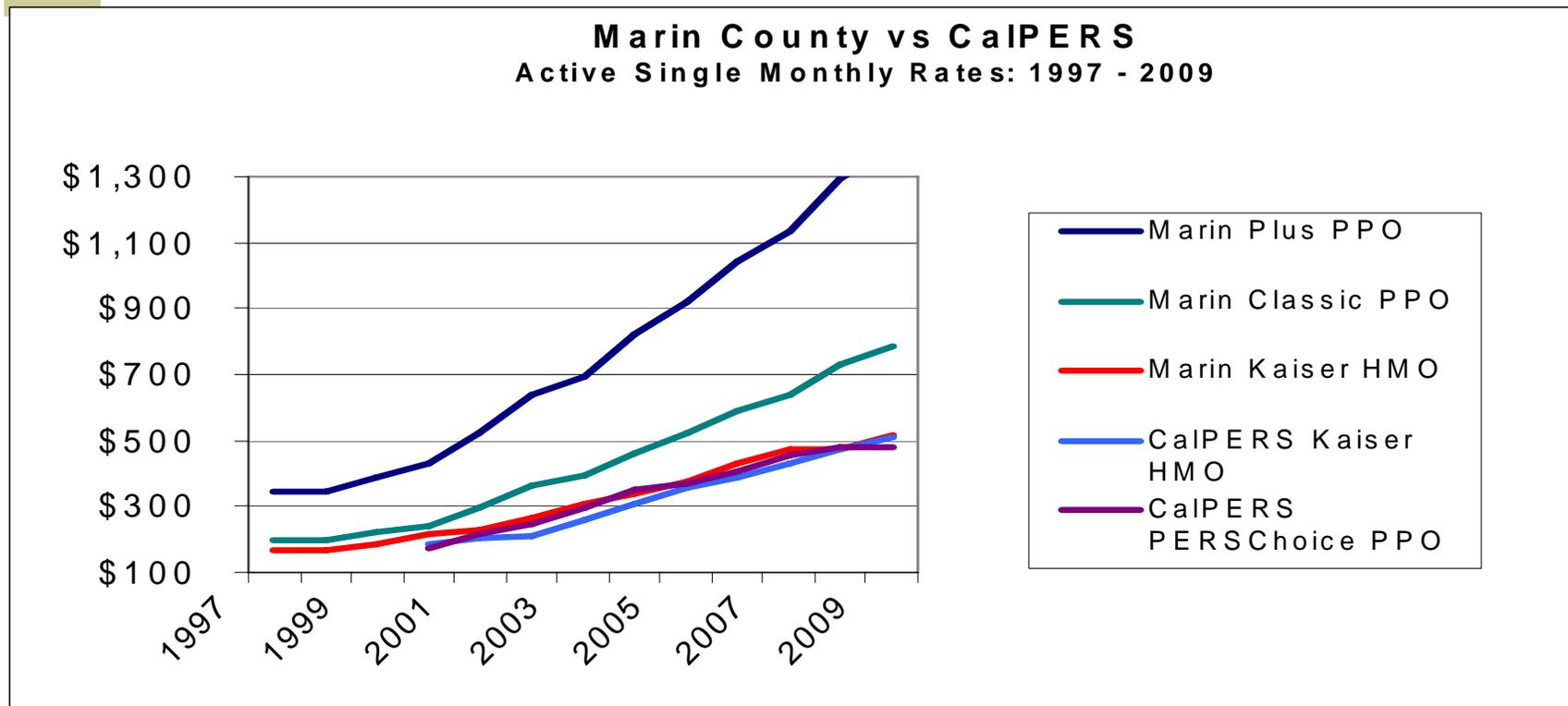
Issue/Background

- ◆ At current levels, public pension systems are not financially sustainable without reform
- ◆ County is projecting 40% increase in employer pension contribution rates in FY 2010-11
- ◆ County continues to support “defined benefit” pension plans, but needs to consider long-term reforms to mitigate liability
- ◆ Marin Managers’ Association proposed numerous reform recommendations, most of which the County has already implemented

Future Strategy

- ◆ Explore less costly retirement plan tiers for new employees, or other options which would save equivalent amount of money

Growth in Health Benefits Costs



Future Strategy

- ◆ Work with employee groups to explore health plan redesign options to reduce costs for both the County and employees

Long-Term Facilities Maintenance Needs

Issue/Background

- ◆ County owns most of its facilities and pays approximately 1% of its budget toward debt service related to facilities
- ◆ However, many facilities are over 20 years old and need maintenance investments to extend useful life, provide disability access, and reduce carbon footprint
- ◆ Current facilities maintenance budget of \$2 million annually is not sufficient to address deferred maintenance issues
- ◆ Over next 10 years, staff estimates that \$43-\$55 million is needed to meet identified facilities needs

Future Strategy

- ◆ Increase Capital Improvement Program (CIP) budget to \$4 million annually to meet deferred maintenance and barrier removal issues

Long-Term Road and Bridge Maintenance Needs

Issue/Background

- ◆ County recently completed \$20 million five-year road and bridge maintenance and rehabilitation program
- ◆ Program included 68 miles of slurry/cape seal; 38 miles of new asphalt resurfacing; 8 miles of roadway shoulders; 9 miles of bike lanes; 141 curb ramps; and 3,000 feet of sidewalk
- ◆ Even with these investments, County's deferred maintenance backlog for roads is estimated to be \$250 million
- ◆ County would propose to build on recent efforts; and develop a second five-year plan for roads and bridges

Future Strategy

- ◆ Develop and implement a second five-year road and bridge maintenance program totaling \$40 million to continue addressing deferred maintenance backlog

Need for More Adaptive Budget Strategies

Issue/Background

- ◆ County has a strong tradition of fiscal and budgetary discipline
- ◆ At the same time, County has limited ability to address new and emerging community needs even in better economic times
- ◆ Like other agencies, County uses a “baseline” budget process which largely funds the same core services each year
- ◆ While County will continue to use baseline budgeting, we may need to augment this process with changes to increase budget flexibility

Future Strategy

- ◆ Consider changes over time to the County’s current budgeting process, including evaluating and prioritizing services and considering tradeoffs associated with doing less of some programs in favor of others deemed more critical or emerging issues

Potential for Enhanced Community Partnerships

Issue/Background

- ◆ Given long-term budget shortfall, County cannot continue to provide the same level of service to clients and customers
- ◆ However, there could be opportunities to reduce costs by improving the overall coordination and delivery of services with community-based organizations and local agencies
- ◆ Marin has strong community resources with the Marin Community Foundation and high number of non-profit agencies
- ◆ County also has a strong track record of working with non-profit agencies and other local governments to deliver services

Future Strategy

- ◆ Explore additional opportunities to enhance community partnerships through shared services, consolidation of existing services, and other means

Opportunities for Greater Level of Volunteerism

Issue/Background

- ◆ Since 1979, Civic Center Volunteers (CCV) program has enabled volunteers to support work of County staff in providing services
- ◆ Over the past year, volunteers contributed more than 200,000 service hours valued at approximately \$8.9 million
- ◆ CCV program provides a tangible example of civic engagement and helping public get involved with County government
- ◆ Given budget challenges, use of volunteers will be even more important in augmenting role of County employees

Future Strategy

- ◆ Explore additional opportunities to increase the use of volunteers in County government to help achieve desired outcomes

Use of “Electronic Government”

The screenshot shows the County of Marin website homepage. At the top left is the County of Marin logo with the URL co.marin.ca.us. The main header features the text "COUNTY of MARIN" in a serif font. To the right of the header is a search bar powered by Google, with an "En Español" button and two search input fields labeled "Search Marin" and "Keyword Search", each with a "go" button. Below the header is a large landscape photograph of a valley with fog. At the bottom of the photograph is the slogan "OUR MISSION is EXCELLENT SERVICE". On the left side of the page is a vertical navigation menu with the following items: Board of Supervisors, Contacts, Departments, Job Postings, My Marin, Services & Information, Calendar, Forms, Give Us Feedback, and Subscribe. Below the navigation menu are three columns of content. The first column contains icons for "Gchannel", "Web Cast", "Emergency", "GIS MAPS", "Connect With Us", and "Community". The second column, titled "Notices", lists: County Budget Information, Flu Updates, Emergency Preparedness, Food Facility Inspections, and a "NEW" item for Integrated Pest Management. The third column, titled "Information", lists: Online Services Government, Doing Business, Living Here, Visiting, and Civic Center Interactive Map. To the right of the "Information" column is a box titled "The Face of County Government" featuring a portrait of a woman and the text "About Our County/ Driving Directions".

Future Strategy

- ◆ Offer a greater mix of online services and continue efforts to redesign and reconfigure the County website as a primary source for information, services, and engagement

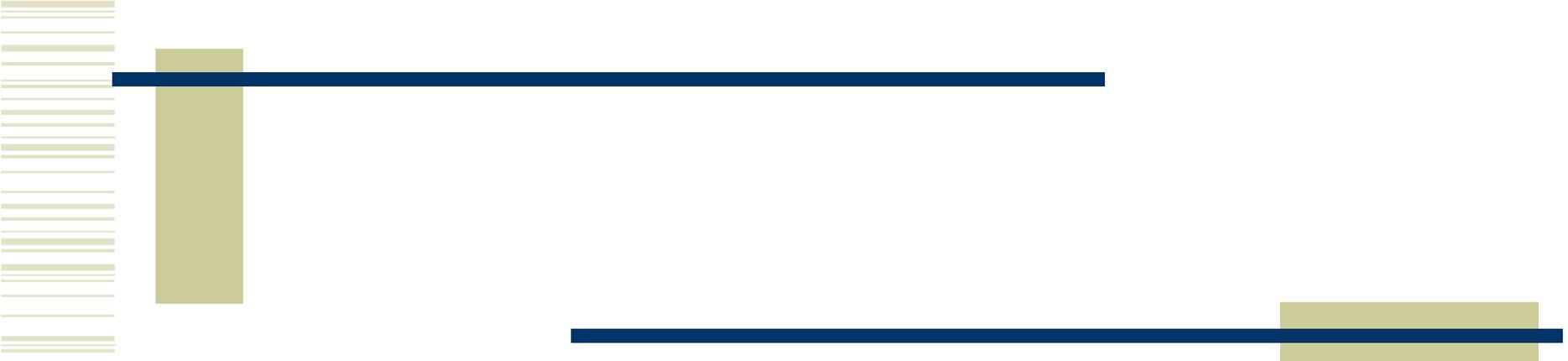
Need for More Dynamic Structures and Systems

Issue/Background

- ◆ Reviewing and improving the County's internal structures and systems is important to supporting a "high-performance organization"
- ◆ At the same time the County is reducing costs, we need to consider changes to our organizational structure, work processes and systems to help adapt organization to changing conditions

Future Strategy

- ◆ Continue to explore opportunities to redesign structures, processes, policies, and support systems to achieve organizational goals with fewer resources
- ◆ Goals of creating a flatter and leaner organization; reducing segmentation in specific functions and increasing collaboration; and creating more dynamic and flexible jobs



LTR Policy Options

Overview of Potential LTR Policy Options

- ◆ Represents potential countywide and departmental options that reflect guiding principles and strategies
- ◆ Total of 54 options that are actively under consideration
- ◆ Not presented for immediate action as options will be considered and brought to the Board individually
- ◆ Some are subject to discussions with unions as part of labor bargaining obligations
- ◆ If all options were approved and implemented, the County could generate \$10-\$15 million in ongoing savings (though savings not known for every option at this time)
- ◆ Some options can be implemented this year, while others are long-term

Overview of Potential LTR Policy Options (*con't*)

- ◆ Policy options grouped into one of four categories:
 - **Countywide Cost Savings** – spans multiple departments or potentially impacts employees across organization
 - **Service and Program Reductions/Eliminations** – impacts the level of service provided by the County, either by reducing the level or eliminating the service entirely
 - **Organizational Restructuring/Redesign and Process Improvements** – involves changes to structures, processes, or funding criteria within departments and programs to improve efficiency and effectiveness
 - **Revenue Increases** – augments specific or general purpose revenues to fund County services



Next Steps

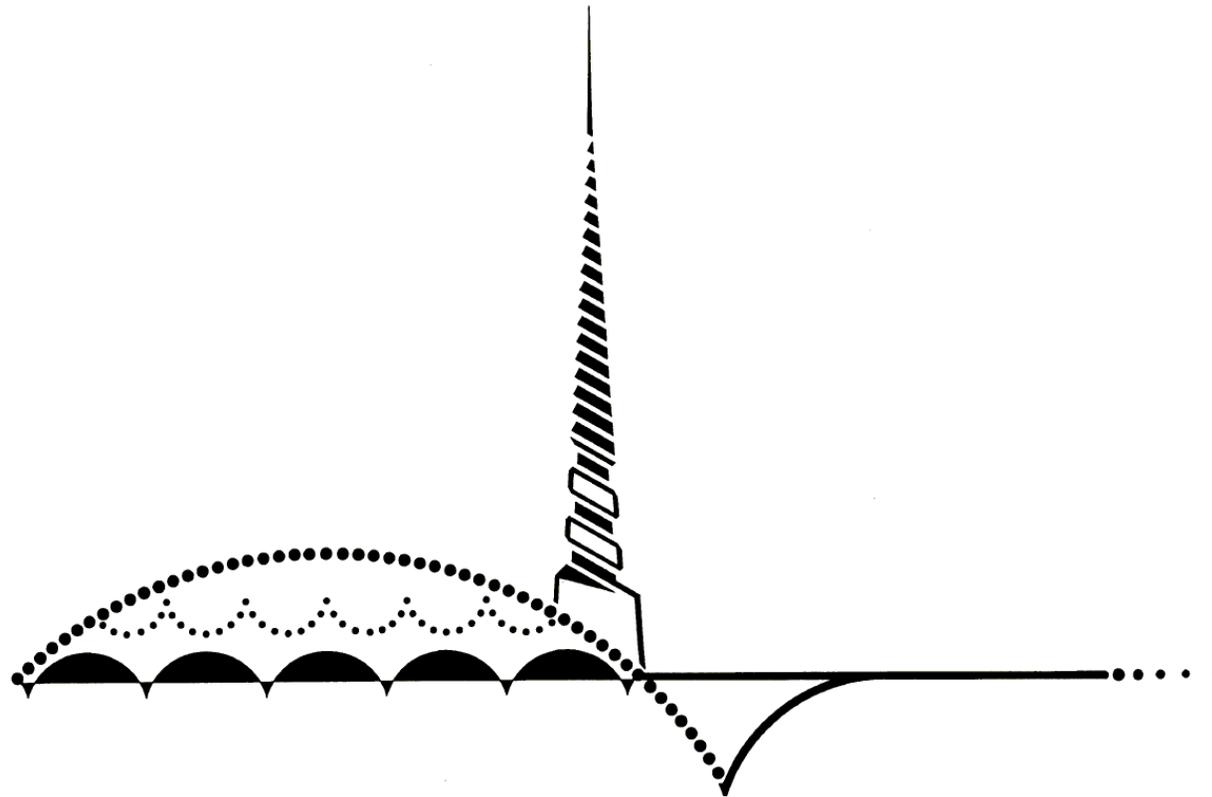
- Adopt Final LTR Plan January 12, 2010
- Begin implementation of Plan January 2010
- Hold BOS Planning Workshops March 2010
- Hold BOS Budget Workshop May 2010
- Conduct budget hearings July 2010
- Evaluate and update LTR Plan Summer 2010



Public Comments



County of Marin Board of Supervisors



December 15, 2009