

Washoe County Budget Policy Committee

FRIDAY

1:00 P.M.

FEBRUARY 27, 2009

PRESENT:

David Humke, Chairman County Commission
Mike Haley, Washoe County Sheriff
Bill Berrum, Washoe County Treasurer
Doug Doolittle, Director Regional Parks and Open Space
Rosemary Menard, Director Water Resources
Carla Fells, Employee Association Representative
Dennis Carry, Employee Association Representative
Rand Tanner, Organizational Effectiveness Committee
Dave Funk, Organizational Effectiveness Committee

Commissioner Larkin participated via telephone.

The Washoe County Budget Policy Board convened at 1:04 p.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with County Commission Chairman Humke presiding.

AGENDA ITEM 1 – Public Comment. Comment heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Commission agenda. All public comment for this meeting will be heard during this item. Comments are to be made to the Commission as a whole.

There was no response to the call for public comment.

AGENDA ITEM 2 – Approval of Minutes of the February 20, 2009 Budget Policy Committee Meeting.

Minutes approved.

Katy Simon, County Manager, commented that the committee suggested last week that the Courts be included. Judge Steinheimer and Judge Albright thought from a legal precedent stand point their role in a policy committee was inappropriate but they said they would send a representative to monitor the discussions.

AGENDA ITEM 3 – Discussion on Budget Principles and Recap of Budget Principle Ideas Discussed on February 20, 2009.

Darin Conforti, Budget Manager, explained the Summary of Ideas on Budget Principles. (See attached)

Katy Simon asked that the information be reviewed for completeness.

Commissioner Larkin said he had received the handouts via e-mail.

Mike Haley, Sheriff, said emerging federal stimulus that could have an impact needs to be balanced in the long term.

Katy Simon said that one of the principles is The Budget Must be Responsive to Changing Conditions.

Doug Doolittle, Director Regional Parks and Open Space, suggested shared services should be added in terms of internal shared services. The principle would be to maximize utilizations of resources, reducing or eliminating duplications in process and in personnel.

Commissioner Larkin suggested a crosswalk of the proposed principles and where that principle ties back into strategy and evaluation.

Darin Conforti explained he took the general notions as they were laid out by the committee and aggregated them into the proposed principles.

Commissioner Humke, County Commissioner, said we need to make a legislative stop with our budget crisis bus, create a list of mandates to send to the legislature.

Sheriff Haley read a list of reductions Las Vegas used to meet a 3% reduction. Just giving a picture is what we're striving to do.

Katy Simon said we would have a statement of principle, then tie that to budget strategies, then for each budget balancing strategy it would branch off to where that strategy would apply. Then eventually at the staff level we will need an action plan for what's going to happen to look at those things and actually make them happen. Start with what's the principle.

Carla Fells, WCEA Representative, said the County needs to be very rigorous in validating who we outsource to.

John Sherman, Finance Director, said when you come up with a category then you have a list of criteria you use to evaluate to make a choice on the outcomes.

Dick Gammick, District Attorney, said identifying programs should be included and internal programs and programs that run between departments.

Rand Tanner, OEC, said instead of looking outside the box we need to burn the box down. Based on money you have available, what box would you build? What can be self sustaining in a declining budget?

Katy Simon said what we are trying to do is identify the principles by which you would build from zero.

Dennis Carry, WCSDA, said each department has to go to even the lowest level of their employees and identify what they do and why they do it. As an example the amount of time to audit cell phone usage or would it be more cost effective to use cell phone allowances? At the Sheriff's Office Deputies are doing a lot of data entry. Is it more cost effective to outsource or hire someone who does data entry and keep police on the street longer? The County needs to go to people and ask what do you do and what do you think is wasting your time?

John Sherman said at the program or functional level what are those cost, what are the alternatives to doing those, and what are the alternative costs? You need to know at some low level what it costs to do anything. If you talk alternatives you can map out what a change would be. In our vernacular it is program based budgeting instead of having a big consolidation of lots of different programs and functions within a department you break those down into very discrete areas, even though we all understand there's lots of crosswalks in an array of programs, but if you could get it down to the smallest unit you could measure in terms of cost and output then you could start making those kinds of choices a lot easier based on data.

Commissioner Larkin said the discussion is starting to focus on dollars instead of strategies. He sat in on a discussion with Paul Krugman who said the national economy looks 'scary'. GDP report was six percent down. We have to fundamentally look at not how much money we're going to have or how much money we have but we need to fundamentally look at what function we want local government to serve in our society in the future and focus on values. This is not an argument to protect mandates. It is an argument to move forward with a list of mandates from each department to present to the legislature in a manner similar to what Las Vegas has done and say we are not going to do this, or this is the service level we are going to provide. At the same time we need to show we have flexibility and scalability.

Commissioner Humke said the committee should start with the list of ideas and make exceptions to expand.

Katy Simon said staff will add what the committee has said today.

Sheriff Haley asked can we do without this position and why and what it will do to long term health.

Carla Fells asked Commissioner Larkin how to deal with looking at organizations from top to bottom and how do we balance quality of life. Don't get hung up on what's mandated as opposed to what we do.

Commissioner Larkin said we have to establish criteria on the front end.

Rand Tanner, said if we know what dollars we have and that's probably going to be a shrinking pot and we know what is mandated maybe we need to look at can we meet the mandates right now. We're at a crossroads and we only have so much money.

Katy Simon said we won't have enough money at the current service levels and at the current cost. Part of the discussion is can we be flexible about how the mandates are met. There are things without which the mandates cannot be met, like technology is not mandated.

Doug Doolittle said this community has a sizable investment in the infrastructure we have and that needs to be maintained.

Dave Funk, OEC, asked staff to add to the Summary of Ideas on Budget Principles a column for Mandated Services. He also stated if elected officials are concerned about the next election we have a problem. All are here as Washoe County citizens.

Commissioner Humke said elected officials have not said that. On Carla's point to take care if you only think about mandates, mandates fall under four categories: Mandates, Federal and State but don't define required effort; Quasi-mandates, something has grown up and our citizens demand it; Desired services; and Prevention oriented programs.

Sheriff Haley said the way to measure the effort is foundational case law and litigation.

Commissioner Humke said think of the list to the legislature would be putting them on notice.

Dick Gammick said mandates come from other than the legislature. The courts and other places create them.

Katy Simon said staff would make the list cleaner and more user friendly.

Commissioner Larkin said he is not advocating we focus on core services, strike the wording 'focus on core services' and just have core services, mandates, and service levels as a block.

John Sherman said we will crosswalk the concept of core services, mandates, and service levels with some kind of an active statement. Link core services, mandates, and community needs. We're not talking about those in the abstract of words but as they deal with human lives and interaction of people which gets to what we're about as a community.

Commissioner Larkin said Being Fiscally Responsible is more than not spending more than we make. If we forgo an infrastructure we are saying we are giving up on it, not going to save it. What's the budget consequence of that?

Katy Simon said we're talking about a cost benefit, a business case has to be made.

Sheriff Haley said we started this process with function, department, cost center, description and a description of what it is we do, the specific mandate and the cost for that. If we continue that and add budget balancing strategies, specific services and estimated budget impact he could start to work right now. If we talk to long about process rather than getting to the actual work of putting the areas and the numbers and the impacts to the process he won't have enough time.

Darin Conforti said committee members can e-mail more ideas to him. He read a comment by Arnie Maurins, Library Director.

AGENDA ITEM 4 – Discussion on Budget Balancing Strategies and Criteria for Evaluating Strategies.

Darin Conforti referred to the Categories of Budget Balancing Strategies and Criteria for Evaluating. (See attached) They have been kept broad to be inclusive. He reviewed the categories listed.

David Funk asked in two weeks does staff expect this committee will have the have input to staff that we don't believe we're not getting right services from our automobiles, or that we're not running the right parks or library system. If the answer is yes, then we've got a lot of people who are going to be challenged with this process. At some point there's got be a numbers layout.

Katy Simon said rather than having the committee say we should change the utilization of vehicles what we look to the committee to tell us the criteria for the County to decide. At the same time Finance is finalizing a funding level plan.

Doug Doolittle said the committee will provide the best tool box for departments to use to make decisions.

Commissioner Larkin said the managers and department heads will be vested with the authority to make decisions and bring to the Board of County Commissioners.

Rosemary Menard, Director of Water Resources Department, asked about including the community's safety net. One role of local government is to have a safety net at some level. There's some point below which you don't want to go.

Sheriff Haley said that goes to the Baldrige and ACES meetings. It requires frequent meetings, looking at what's occurring as a result of what you did.

Katy Simon said we will need to manage performance to minimum and maximum targets, balancing safety and costs.

Rand Tanner suggested asking: Is it mandated? Who mandates? Can we violate the mandate? What level is it required? Is it desired?

Sheriff Haley said department heads are attuned to what those limits are presently.

Rand Tanner asked what does the committee provide?

Katy Simon suggested using a risk based assessment similar to Internal Audit criteria. Add as a strategy risk based assessment of services and service levels.

Darin Conforti suggested using the risk of non-performance and risk of non-compliance.

Dick Gammick asked where in this analysis process do you say something goes away.

Commissioner Larkin suggested that would be a criteria.

Carla Fells asked how broad are you looking at for out-sourcing/in-sourcing. How grand or small?

Katy Simon said that's one of the challenges, this is a big ship to turn, and it takes a long time to determine what the public wants but what we're doing is helping the Board of County Commissioners to have information to make those kinds of decisions because at the end of the day they are the ones who are going to make those decisions.

Sheriff Haley said some cuts will take many months, some will be the drop of a gavel.

Darin Conforti reviewed criteria listed on categories of Budget Balancing Strategies and Criteria for Evaluating. (See attached) He would add considering the current performance of the current program, efficiency and effectiveness.

John Sherman said it's not just dollars to get us to our goal, it has to be very material in these times. We need big dollar impacts.

Commissioner Humke suggested that vendors and sister agencies be considered stake holders.

Darin Conforti suggested another dimension of the criteria is the impact high/medium/low, positive or negative be included.

John Slaughter, Director of Management Services, suggested adding reduction of duplication.

Rand Tanner agrees with the prioritization of the criteria as listed.

Sheriff Haley said the bill in the assembly that talks about statutory authority, modeling, and consolidation is there to give us a platform to discuss consolidations. We all ought to engage that team at the legislature as the study committee looks at that issue.

Katy Simon explained the Regional Shared Services Team.

Dick Gammick asked about a criteria for new programs.

Katy Simon said if we do a good job of the criteria new programs could filtered through the same criteria.

Carla Fells said displacing a county employee to give a job to the private sector is not what we would want to see. If we're laying off people because we're going to outsource or contract, that's just another person in our general community who is going to tax unemployment benefits and other things. If we agree that the overall view is the health of the community we wouldn't want to expend one for the other.

Darin Conforti said we should have a budget principle that is tied to programmatic evaluation, where we're making budget choices based on clearly defined service delivery of outcomes to the public.

Commissioner Humke asked representatives of the Courts if the committee has been responsive to needs of the Courts specifically.

Louella Mansfield, Supervising Clerk, Reno Justice Court, said the general consensus of everything that is going on is very important to the courts so they can see what the rest of the community is doing so they can play a part.

Commissioner Humke asked staff about a tentative program started under Commissioner Galloway to consolidate the courts. Is it active and can it be considered in these discussions?

John Berkich, Assistant County Manager, said the group is active at a functional lever but feels there is greater opportunity if the Supreme Court endorses really looking at ultimately the consolidation of the benches.

Katy Simon said at the next meeting on March 4 at 9:00 a.m. staff would bring back out put from this discussion, the committee would review and give any additional guidance and perhaps begin to populate that matrix. She announced staff received notice today from Standard & Poor's that Washoe County's bond rating was upgraded.

The meeting was adjourned.

Summary of Ideas on Budget Principles

Proposed Principle Committee Ideas for 2/20/09	Budget Balancing Strategy	Specific Service/Dept Application	Estimated Budget Impact
The Budget Must be Responsive to Changing Conditions			
Maximum flexibility			
Scalability			
Focus on the Core Services, Mandates and Service Levels			
Meet mandates at minimum levels? Be able to suspend mandates under temp-circumstances – FLEXIBLE MANDATES Challenge, mandates What’s the implications for not following? Renegotiate mandates?			
Core services that are mandated			
What do we absolutely have to do “Have to haves”			
Budget Decisions Must be Fiscally Responsible and Future Oriented			
Don’t make decision that create legal liability			
Pay me now or pay me later			
Live within our means			
Save for a rainy day			
Take care of infrastructure – avoiding maintenance costs more later			

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Proposed Principle Committee Ideas for 2/20/09	Budget Balancing Strategy	Specific Service/Dept Application	Estimated Budget Impact
Results Driven and Quantitatively Informed			
Test impacts and consequences			
Must be measurable "Demand Accountability"			
Make Strategically Informed Choices			
Separate tactical (\$47 mil right now) vs. strategic (out year decisions)			
Some tactical decisions may meet short-term objectives but do long-term strategic harm			
This too shall pass ... and focus strategically			
Don't abandon strategic planning – Re-calibrate			
Assess cost-benefits of all decisions/options (ie liability, etc)			
Budget Decision Should Consider and Promote Quality of Life			
What is the best we can do for the whole?			
Some decisions = quality of life			
Representative of Public Needs and Wants			
Must reflect what community wants and needs			
Realistic, Pragmatic, and Priority Driven			
Cannot be all things to all people			
Creative, Entrepreneurial, and Promote the Talents of Employees and Citizens to Provide Services			
Challenge all present business models – ie out sourcing, being efficient			
Engage unemployed citizens in volunteering assisting with service delivery Encourage, expand volunteerism as a resource to County			

Summary of Ideas on Budget Principles

Proposed Principle	Committee Ideas for 2/20/09	Budget Balancing Strategy	Specific Service/Dept Application	Estimated Budget Impact
	services			
	Nothing is off the table			
	Challenge ourselves to be competitive			
	If County is provider, why isn't it provided by private sector If it is offered by private sector, why is County doing it, or determine which is more competitive and why?			
Budget Choices Must Consider and Reward Operational Efficiency				
	Maximize level of service for value			
	Streamlining processes ie bring judge to inmates vs. transporting inmates to judge.			
	Encourage consolidation of government services – internal, external, etc.			
	Audits – what have studies recommended			
	Fresh look at efficiencies			

**BUDGET POLICY COMMITTEE
2/27/2009**

**CATEGORIES OF BUDGET BALANCING STRATEGIES
AND
CRITERIA FOR EVALUATING**

Budget principles will inform and guide the strategies that are pursued to balance the budget. Listed below are some potential budget balancing strategies.

Categories

The following broad categories are potential types of budget balancing strategies:

- Outsourcing
- Legislative Changes to Mandates
- Internal/External Consolidation of Services
- Improve Operational Efficiency
- Restructure Pay and Classification Benefits
- Program Elimination
- Entrepreneurial Opportunities
- Shared Services
- Asset/Property Management
- In-Sourcing
- Service Level Reductions

Criteria

Decisions on which budget balancing strategies should be pursued should be made strategically based on evaluation criteria. Some potential evaluation criteria are listed below:

- Dollar Impact
- Complexity
- Board of County Commissioner authority to implement
- Time to implement
- Impact to Public service
- Impact to Employees
- Impact to Stakeholder agencies