



The County of El Dorado

Chief Administrative Office

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TO: Board of Supervisors

FROM: Terri Daly, Chief Administrative Officer

RE: 2013-2014 Adopted Budget

While last year was the beginning of a transition for the County, this year's budget suggests that we've turned the corner. I am a bit nervous about saying that we've turned a corner because while economic conditions are certainly improved, we must continue to be cautious. This is the first year in five years in which we have projected the revenue growth to be positive, by just 1% annually. Economic growth is projected to continue to be slow and we simply will not see the growth of the early 2000s again in our foreseeable future. I urge you to continue to follow the adopted strategy of the past two years:

Spend conservatively. Invest wisely. Be flexible.

Following this strategy, we have again this year shown significant positive results, including:

We start this fiscal year with a Fund Balance of almost \$41 million, about \$11 million more than anticipated in the Recommended Budget. While there are significant portions of one-time money contributing to that Fund Balance, a large portion is due to the conservative approach of our Department Heads and the willingness of employees to do more with less.

- We have tackled the replacement of our aging financial system and have made significant progress on the implementation of FENIX, our selected enterprise resource planning system. We continue to find areas in which significant savings of staff time will result with the new system.
- We have established a strong foundation for the building of a strong, effective Human Resources Department including the update of our Personnel Rules, the installation of NeoGov, a state-of-the art Internet employment application system, and the hiring of strong effective HR staff, including a full-time, top notch HR Director.

- We have conducted a thorough survey of our aging, neglected County facilities and are already acting on the top priorities identified and are compiling a 15-year maintenance plan to protect the County's \$500 million capital investment in facilities.
- Dedicated members of the community and staff worked together with the Board to identify and purchase a desirable site for the County's Animal Shelter. Construction has begun on the improvements to the site. We are on time and within budget to open the Shelter in late 2014.
- We have made significant progress in the Community Development Agency in streamlining processes and improving coordination between long-range planning, transportation, planning, agriculture, surveyor and environmental management.
- We have established a Parks Division, a long-standing priority of the Board and the community, and re-energized the Parks and Recreation Commission to focus on top priorities.
- We have established a Business and Economic Development Division and engaged the community's participation with community micro grants, which will be awarded in the near future, and other significant economic investments including a grant sourcing program and a web portal.

Given our current strong financial standing combined with the many priorities facing us, I recommend laser-like focus on three areas:

1. **Continue to focus in our Strategy Investment Strategy** on internal infrastructure to enable us to provide better service to the community, including the areas of IT Change Management; HR/Risk; Facilities; Economic Development and Accountability and Culture. Examples of these investments recommended in this budget addenda include:
 - Funding for the HR Director position, a critical link for the provision of services to our Department Heads, employees and the public.
 - Funding for a full-time government affairs analyst to better focus our legislative efforts and improve relations with other agencies and the community by providing focus to efforts that currently are reactive and often duplicative.
 - The addition of a Sheriff's Sergeant to lead the drug task force in South Lake Tahoe. This function was unfunded at the Federal and State level, maintaining this function will save staff time by investing in preventative measures rather than more time expended "after the fact."
 - Funding an administrative manager in the Public Defender's Office to implement new systems and policies to lessen the administrative burden on attorneys so they can focus on clients and be more productive and effective.

2. **Invest in our employees.** Personnel costs represent more than 60% of our General Fund expenditures. After six years of stripping everything we could out of personnel costs, including significant layoffs, concessions by employees resulting in an overall decrease in salaries and gutting training budgets, it is time to invest in our most valuable asset in order to increase productivity. Research has shown that happy employees are productive, innovative employees. Certainly any results of current labor negotiations with most of our employee organizations should be considered investments. Further investments, which would be minor in comparison to salary increase, will spur productivity increases and service improvements for the public. One example of such an investment is in training. The only training included in budgets over the past six years have been in mandated technical training. Last year, your Department Heads invested personal money and a huge amount of personal effort to deliver the Supervisors Leadership Academy. To capitalize on the momentum those Department Heads started, we have included a training position in this budget to assess training needs, source training resources and deliver career-building, skills-building development opportunities for our employees.
3. **Develop three-year Strategic Plan** for the County. As more revenue becomes available, we must continue to spend conservatively. We simply will not have enough money to spend on all the worthwhile projects and functions that will come before you. It is imperative that you set priorities on behalf of your constituents so that available resources are dedicated in a strategic, focused manner on the community's priorities. I propose to start this fall to identify those priorities and develop a Strategic Plan.

Our County is in an enviable financial state because of the Board's continued courage in taking the decisive action needed over the past few years in taking on the tough decisions. I am certain that the same courage and thoughtful action will prevail in tackling the future tough decisions. Thank you for your thoughtful and thorough consideration of this budget.