

STRUCTURE COMMITTEE - CONCLUSIONS & RECOMMENDATIONS

Conclusions & Recommendations

- A greater distinction between those departments which are funded by grants or other programs with restricted funds and those which rely on the General Fund should be made. Cutting budgets in grant funded departments does nothing for the general fund and risks putting programs and compliance with state mandates in jeopardy. That said, the BOC has responsibility for fiscal oversight and to ensure those departments serve the taxpayer in the most efficient way possible. General Fund departments and those which are partially self-funded with fees but put the General Fund at risk if revenues fall short or expenses are over budget (e.g. Parks, Solid Waste, Planning, etc.) require greater scrutiny by the BOC. On a day to day basis, more focus on current revenue/expense relationships, rather than just relying on the budgeted expense metric, is needed. Even there, care must be taken to ensure budget cuts do not put the County at undue risk. The Committee's findings suggest there is little opportunity for further budget cuts in the short run. However, with better organization and alignment of department functions, substantial benefit could be realized. Examples might include a responsibility reporting system that would allow individual liaisons to examine, with department heads, on a monthly basis revenues, expenses and accomplishment toward goals and call for corrective action when objectives are not being reached. This would be far more productive than tying up valuable public meeting time approving individual expenditures over \$500.

Centralizing some purchasing functions, especially in the area of establishing purchasing policy is worthy of consideration. Also, there is no apparent single point control of the County's automotive fleet is another area where efficiencies could be gained and probably longer term savings and should be given consideration.

- As mentioned in the "Findings", services are being provided dedicated fund departments, such as Public Health and Road, by those operating out of the General Fund. Mental health pays rent for their space in the North Bend Annex but Public Health does not and neither pay for IT support or other administrative services. Quantifying the fiscal impact is beyond the scope of this study but it is an area that should be looked at. Of course, any monies siphoned off dedicated funds to

supplement the General Fund will undoubtedly result in service cuts to those who require them. Furthermore, state and federal program funding will continue to be under pressure adding to the risk of greater service cuts.

- Inter-departmental communications and collaboration would be enhanced if the BOC realigned departmental liaisons along functional lines so that, for example, administrative departments such as IT, HR, Treasurer, etc. report to the same liaison. Likewise, public works related departments like Roads, Parks and Solid Waste should be similarly aligned. With good administrative direction and support there would likely be an opportunity to consolidate some departments with minimal disruption to services provided and ultimately provide a higher quality of service at lower cost. Doing so would provide better vertical accountability and a more efficient administrative process.
- The BOC is urged to consider hiring a county executive with the skill sets necessary to undertake the tasks at hand. The executive would serve as the County's chief executive officer in much the same way executive directors of ports and city managers of municipalities do. All departments would report to this individual and issues would be analyzed and thoroughly vetted before coming to the BOC for action. This would allow things to flow much more smoothly and expeditiously, saving countless hours of staff time trying to access the BOC. This would also free up the BOC to deal more with policy and focus more on political issues. Revenue enhancement should be the BOC's highest priority issue for the months and years ahead. Having a county executive to handle administrative matters would leave more time for the BOC to work on developing additional revenues for county operations.

This should be acted upon without regard to any recommendations as to the form governance structure that may be considered, currently the purview of the Governance Committee. It is extremely unlikely any conflict would arise.

- IT is a function that should be addressed immediately. The County should develop a comprehensible and comprehensive IT policy and follow on with a strategic plan to put technology to work for the safety and benefit of the County and the taxpayers it serves. The policy, among other things, should clearly articulate who has authority to choose IT hardware and software of all kinds and stop the practice of individuals and departments installing special purpose items without IT knowledge or approval. The strategic plan will take longer, perhaps as much as a year. It should have a high level

champion and be developed with the full participation of the user groups. The BOC should require periodic updates and eliminate any obstacles to progress.

Benefits could be very significant. Overall hardware and hardware maintenance costs could be dramatically reduced with the proper system architecture. Substantial long term savings could be achieved by eliminating a significant amount of duplicated effort, especially in the payroll and accounts payable functions. Much improved communications both internally and externally with respect to sharing of information and services, including public access, could be achieved and should be a goal of the effort.

- While the Structure Committee was not charged with budget analysis it became apparent in the interviews that a problem of potentially significant proportions, perhaps in the hundreds of thousands of dollars per year, existed with the Solid Waste operation. The County is required by state mandate to provide for waste disposal in the county. It is not, however, required to deal with it in any one particular manner. It is clear that incinerated waste disposal is inherently more costly than using a land fill. Careful consideration of the age and condition of ash pits, incineration and other equipment and the downstream maintenance and capital commitments are part of the cost of an incinerated facility. The BOC, along with the Solid Waste Committee, should first determine what the total cost differential is and then make a determination as to whether continuing to incinerate is cost justifiable. Once that decision is made, then it can then proceed to determine the best way go forward. There are a number of options from which to choose. If the decision is to continue with an incineration facility, the concept of running a 24/7 operation at substantially reduced capacity may not be valid.
- Further examination of Parks is warranted. While all indications are that staff is well qualified and is doing the best it can under current circumstances, it is maintaining at some considerable cost a number of non-revenue producing sites. The BOC should consider revisiting the policy issue of what park facilities should be kept open and maintained and which might be “mothballed” until the County’s fiscal situation improves. That said, some investment in an effective marketing and reservation system, especially for Bastendorf and Riley Ranch facilities could yield substantial dividends. Consideration should be given to seasonal closings and revenue enhancement steps, such as concessions as well. The commonality of equipment and the potential ability of Parks to utilize the Road Department’s IRIS system if the

departments were merged administratively could yield substantial efficiency savings in the future.

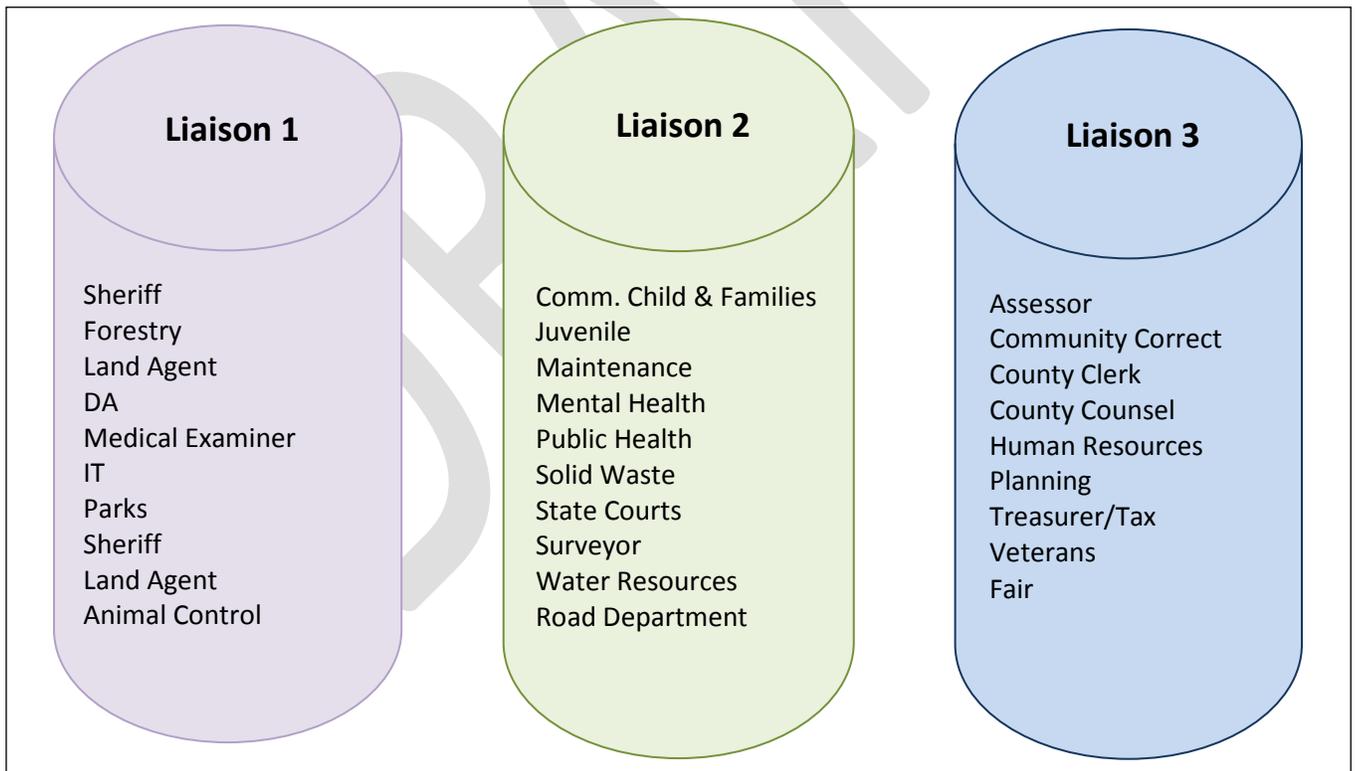
- Other opportunities for consolidation of departments may be possible and even desirable but should be approached cautiously and with careful consideration of IT support and the expertise of key department personnel. Departmental consolidation is also a process that should be approached discreetly and not with sweeping change. The more precipitous the action, the more likely unintended consequences are likely to rear an ugly head. Any effective consolidation effort will require careful thought and hands-on guidance from a completely neutral third party with no agenda other than improving the overall efficiency of operations.
- The County's two principal facilities, the Courthouse in Coquille and the Annex in North Bend are both in sad condition suffering from age and many years of deferred maintenance. Aesthetically, both are poor representations of Coos County. Office layouts are such that they exacerbate efficiency issues and both are very expensive to heat and cool. Ventilation systems are less than adequate, especially in the NB Annex.
- While the effort of this committee has been directed to finding efficiencies in structure and process, it is worthy of note the need for the BOC to address the revenue side of the survival equation. It will be essential in the coming months and years that the BOC maintains effective communication with state and federal legislators lobbying for programs that will help to enable Coos County to continue to provide essential services to its citizens. Both may be needed to address one of the fundamental problems: that of rising costs, particularly with respect to employee benefits, at rates double those of constitutionally mandated caps on increasing taxes. The current path, whether or not short term patches are found, is simply not sustainable.
- The BOC clearly needs to develop a "Plan B" to deal with the apparent shortfall in revenue. New revenue streams will take time to materialize. Most short term cost cutting has already been achieved, especially in General Fund departments, and while reserves may be sufficient to cover operations for a couple of years, serious attention should be given to what happens when reserves are depleted and new revenues are not yet available. This is most likely the highest priority policy issue the BOC must deal with in the months and years ahead. Failure to do so effectively could be disastrous.

Organization

The Structure Committee was charged with examining the organizational structure of this and other counties and organizations around the country. A brief but admittedly incomplete analysis of our findings follows.

As shown in Fig. 1, the current organization chart of the County's operations is represented by three silos, each containing a seemingly random group of departments, each headed by a liaison commissioner. Operating within Oregon's Open Meeting Laws requiring any discussions among a quorum of the Commission, no two commissioners (a quorum) can have substantive discussions except in a duly noticed public meeting. This creates a near impossible situation for administrative management by the liaisons. Moreover, the liaisons generally, with some exceptions, do not hold regular staff meeting or provide much guidance or support to department managers relying instead on fiscal oversight through expense item control (in many instances at incredibly low levels) and the budgetary process. Monthly responsibility (financial performance) reports are inadequate and rarely discussed in any formal way between department heads and their liaisons.

Fig. 1



In examining the organizational structure of perhaps a dozen other entities, including a number of counties in and outside of Oregon, it was no surprise to discover that each organization is unique and presents its own set of challenges. Also, there is no perfect organizational solution. With the exception of many Oregon counties and a few in other states, virtually all organizations, public and private, for profit and not for profit, are structured with a governing board, a chief executive and functional managers. Governing boards set policy, provide fiscal oversight and hire and monitor the performance of the chief executive. There is broad consensus in the Structure Committee that this is the path Coos County should take. The sooner this can be effected the sooner change can start to occur and the sooner the BOC can get on with the truly important issues facing the county.

By way of illustration, the Committee is providing a sampling of organization charts from other similar organizations, including one a committee member developed as a potential example for Coos County.

ALTERNATIVE ORGANIZATION STRUCTURE TO BE DISCUSSED