

**BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY, NEVADA**

THURSDAY

8:30 A.M.

NOVEMBER 10, 2011

STRATEGIC PLANNING RETREAT

PRESENT:

John Breternitz, Chairman
Bonnie Weber, Vice Chairperson
Bob Larkin, Commissioner*
Kitty Jung, Commissioner
David Humke, Commissioner*

Nancy Parent, Chief Deputy County Clerk
Katy Simon, County Manager
David Watts-Vial, Legal Counsel

The Washoe County Board of Commissioners convened the Strategic Planning Retreat at 8:37 a.m. at the Wilbur D. May Center located in Rancho San Rafael Regional Park, 1595 N. Sierra St., Reno, Nevada. Following the Pledge of Allegiance to the flag of our Country, the Chief Deputy Clerk called the roll and the Board conducted the following business:

11-1007 AGENDA ITEM 3 – PUBLIC COMMENT

Agenda Subject: “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. The Commission will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Commission as a whole.”

There was no response to the call for public comment.

11-1008 AGENDA ITEM 4

Agenda Subject: “Strategic Planning Discussion: The purpose of the Strategic Planning Retreat is to discuss and possibly give direction regarding strategic objectives and goals of the Washoe County Commission, which may include, but not be limited to review, discussion and possible direction to staff regarding: Washoe County’s strategic planning process, the 2011 Washoe County Environmental Scan, strategic issues affecting County government and County services, Washoe County’s Strategic Objectives, annual goals, and key performance measures.”

Katy Simon, County Manager, thanked everyone for investing their time in working on the County's strategic planning process. She stated Brian Bonnenfant, Center for Regional Studies at the University of Nevada, Reno, would be conducting a PowerPoint presentation showing what the environmental scan indicators indicated was happening in the community. She said the goal for today was to have confirmation of the County's strategic objectives and annual goals, as well as a discussion regarding the current budget situation.

***8:40 a.m.** Commissioner Humke arrived.

John Slaughter, Management Services Director, noted the focus of the *2011 Washoe County Strategic Plan Survey* was to identify the three most important issues facing the County over the next two to three years. He said the items not discussed today would be sent to the Strategic Planning Committee to be processed and brought to the Commission with recommendations.

***8:45 a.m.** Commissioner Larkin arrived.

Mr. Slaughter said the first document distributed contained the *Washoe County Vision Statement*, the *Strategic Objectives and Strategic Outcomes*, and the *2010-11 Board of County Commissioners' Annual Goals*. He stated the other documents distributed were the *2011 Washoe County Strategic Plan Survey* and the *2010-2011 Washoe County Strategic Plan Results*. Copies of the documents were placed on file with the Clerk.

Mr. Slaughter said there had been discussions over the last year or so about establishing key performance measures to create a baseline so there would be something to measure against. He stated the *2010-2011 Washoe County Strategic Plan Results* document represented that baseline of performance measures, which would be collected and reported to the Commission every year.

Mr. Slaughter stated the survey had 30 respondents and anyone who did not get their response in would have the opportunity to do so during today's discussion. He said some frustration had been expressed that strategic outcomes were used as goals in the planning process. He proposed using the term "three-year goals" instead, which would be a statement of the intended results of the strategic objectives and would be a narrow list of the highest priorities to be achieved over the next three years. He stated the three-year goals would then be followed up with one-year goals, which would be very specific action items to be accomplished in the next year to move the County towards its three-year goals and ultimately its objectives and vision. He said the three-year goals would be specific actionable items to be accomplished over the next three years. He believed changing the term would clarify what was being discussed.

Mr. Slaughter explained the strategic objectives shown in the *Strategic Objectives and Strategic Outcomes* document were reviewed in February 2011 and some modifications had been made since then. He said the strategic outcomes did not indicate

what needed to be done in the next three years to achieve the desired objective in a way that was measurable.

Mr. Slaughter said the Board's annual goals shown in the *2010-11 Board of County Commissioners' Annual Goals* document were the things to be accomplished in a one-year timeframe. He said the goals needed to be measurable, should have a target, and should have someone responsible for the achievement of each goal. He stated the goals should be attainable, but should be a little bit out of a reach.

Mr. Slaughter introduced Mr. Bonnenfant.

Mr. Bonnenfant said the current economic climate was "swampy" going into 2012. He explained there were some loose areas and some firm areas, but nothing very stable. A copy of his presentation, *Current Economic Review November 10, 2011* was placed on file with the Clerk. He reviewed the monthly employment figures in the Reno/Sparks MSA area back to January 2006, which included the figures for Washoe and Storey Counties. He stated job growth in September 2010 to September 2011 was mostly in education and health services. He said most sectors flattened out, but the federal government sector increased. He noted the local and state governments were the last sector to fall off the train. Commissioner Larkin stated the increase in the federal sector had been anticipated due to the passage of the Health Care Act and the increase in federal spending. Mr. Bonnenfant agreed and said it also had to do with baby boomers needing health care services. He clarified education included public education and a lot of private services, including many online services.

Mr. Bonnenfant said 2010 was the first year since 2007 showing seasonal job growth. He reviewed the employment decreases by sector slide and noted 31 percent of the losses were in construction. He said a lot of the jobs lost were high wage jobs, which meant a lot of disposable income was lost. Commissioner Larkin asked if financial activities included mortgage related jobs. Mr. Bonnenfant replied it did, and it also included stockbrokers and anyone working in the financial industry.

Commissioner Humke advised the local government employment loses did not add up. Mr. Bonnenfant said the numbers were for 2006 through 2011, so the numbers showed the net over that time period. Commissioner Humke asked if the local government numbers included the Washoe County School District (WCSD). Mr. Bonnenfant said the WCSD fell under education and health services. Ms. Simon advised Washoe County eliminated 915 positions since 2007, which was 27 percent of the County's workforce. Commissioner Humke stated he wished the State would get the numbers right. Mr. Bonnenfant agreed.

Mr. Bonnenfant reviewed the changes in employment over the last 20 years by sector. He noted casinos and hotels in 1990 employed 60 percent of all people, but that number was currently only about 7 percent. He said that was a 20-year low, which was a low shared by the construction industry. He advised the sectors showing growth were all service based, and that change started occurring in 2000.

Commissioner Larkin said typically services were thought of as being dry cleaners and gas stations. Mr. Bonnenfant stated the services were across the board. Commissioner Larkin said the traditional economic model for import/export used to be based on a tangible product being exported. He stated that was not being seen with companies such as Microsoft, which was a licensing division, which had no exchange of a physical product. He said instead there was a net import of dollars from Microsoft in the form of wages and benefits into the region. He asked if that trend would continue and, if it did, how did Mr. Bonnenfant envision local governments responding to it. Mr. Bonnenfant replied its impact was behind the argument of having a broad tax base. He said the tax base was stuck in retail, which was no longer driving the economy, so the local governments would suffer. Commissioner Larkin asked if Microsoft's demands on local government were different than the demands made a decade ago when the casinos brought in a lot of people, which impacted the need for law enforcement, road repairs, and such. Mr. Bonnenfant said there were no empirical numbers to support that assumption, but common sense said today's service sectors had less demand on governments, especially if the job paid a higher wage. He stated low taxes were one of the reasons why Microsoft and such companies located here. He noted many other factors affected their decision besides low taxes, such as having an airport near the office and high-speed Internet access. He stated the intangible service industry analysis by Frank Partlow and John La Gatta had legs and they believed those jobs should be pushed because they were good jobs. Commissioner Larkin felt it might be worthwhile for the Commission to have a formal presentation of that analysis.

Mr. Bonnenfant reviewed the distressed housing data, which showed a drop in October 2011 regarding notice of defaults (NOD's) due to a new State law putting the onus on banks to have a legitimate and transparent foreclosure process that did not incorporate the robo-signing of documents.

Commissioner Jung felt the new law would just delay the inevitable. Mr. Bonnenfant believed only a small percentage of the foreclosures had erroneous paperwork, and he agreed those laws just delayed the inevitable. Commissioner Jung commented the states where foreclosures went through the courts had the largest foreclosure backlog. Mr. Bonnenfant said it was estimated it would take New York and New Jersey 57 years to get through their backlogs. He advised 54 percent of the homes in Washoe County were underwater, which would go forward for years and would continue to decrease property values. He stated some people strategically foreclosed because their equity was so low, which meant their property was no longer a good investment, so they walked away from it. He said the strategic foreclosures were incentivized by the federal government placing a moratorium on collecting the Capital Gains Tax, which would have been incurred if a mortgage was walked away from prior to the moratorium.

Commissioner Larkin asked what the total number of foreclosures was. Mr. Bonnenfant replied approximately 4,000 foreclosures were moving through the pipeline. Commissioner Larkin said his point was they were resetting the property values. He asked if the assessed valuation had flattened. Mr. Bonnenfant replied everyone was still waiting for foreclosures to peak and March 2011 had the highest number of

foreclosures in three years. He said there would be really low foreclosure numbers in the next six to twelve months due to the new law, but the foreclosure numbers would come back as long as 54 percent of homes were underwater.

Mr. Bonnenfant reviewed the median sales, which included condominiums. He stated bank sales were driving the market and were driving down property values. He advised the overall trend was property values were still going down and the bottom had not yet been reached. He said prices would have to level out when they reached \$50 a square foot or when it cost more to buy a Chevy Suburban than to buy a house. He stated the homes in the area where the Pyramid Highway was being widened were valued at \$57 a square foot, so prices could not go much lower. He said Case-Shiller's real estate projections for values and sales indicated Reno would rank number seven or eight in appreciation in five years. Commissioner Larkin stated it was a static model and, if prices hit bottom, they had to go somewhere. Mr. Bonnenfant said bank sales were 37 percent and short sales were 28 percent of sales, so 65 percent of sales in Washoe County were of distressed homes. Commissioner Larkin said as long-term budgets were being put together, it should be considered that the assessed valuation, which provided a huge amount of the County's income, would not come back to historic levels in the near future; and the County needed to remain on the same track.

Commissioner Humke asked if it was true that most of the rest of the country had turned a corner, then how much did Nevada lag behind. Mr. Bonnenfant stated there were signs the country was recovering, but there had been some pretty good hiccups along the way. He said the elections next year and the European financial mess would also create a lot of uncertainty. He stated all of those issues were affecting the rest of the country and visitation was a big barometer of that uncertainty. He noted visitors to Las Vegas, Nevada were up; but gaming was not up except for Baccarat, which was the high-end game played by Asian gamblers. He said local taxable sales were good, but he had not been seeing the numbers indicating the rest of the economy was recovering at a much faster pace than Nevada, even though there were pockets that were doing well.

Commissioner Jung said the property tax cap had to be kept in mind when looking at the County's revenue. She stated even if there was a nice uptick in revenue, the County was stuck with the 3 percent and the 8 percent caps. She said local governments needed to go back to the State to have the cap changed, even if it was just until they were financially stable. Mr. Bonnenfant said broadening the tax structure would be one of the ways to alleviate the impact of the tax cap.

Mr. Bonnenfant advised one out of three home sales in Washoe County were cash sales to investors, because there were a lot of investors who still liked the area. He stated the single-family home value "bubble" slide showed prices had not yet stabilized for the Reno/Sparks area (numbers did not include Incline Village/Crystal Bay). Commissioner Larkin asked if the data included short sales. Mr. Bonnenfant replied it did and it also included some bank sales. He said 22 percent more homes were sold in the third quarter than during the previous year. Commissioner Larkin noted the much lower prices were creating great buys.

John Berkich, Assistant County Manager, asked what was behind the Case-Shiller forecast for the Reno/Sparks area. Mr. Bonnenfant said their methodology was 25 pages long, and he still needed to look at how they arrived at their forecast. Mr. Berkich felt it suggested employment would grow.

Mr. Bonnenfant reviewed the median listing price per square foot slide, which graphed the data from January 2008 to September 2011, and was broken into nine sub-regions within the Reno/Sparks area. He noted it indicated a slow downward creep in almost every market. He said the old southwest and the new northwest markets were bucking the trend by staying flat for six to eight months. He said the listing price in the North Valleys was down to \$67 per square foot. Chairman Breternitz asked where Incline Village/Crystal Bay was on the chart. Mr. Bonnenfant replied Incline Village/Crystal Bay data was not included.

Mr. Bonnenfant advised the data for new single-family home sales was pulled from data available in the Assessor's Office. He noted the values of new homes stabilized, which indicated new home builders could not sell homes for under \$225,000.

Commissioner Jung said Mr. Bonnenfant indicated there was glut of empty homes, so why build new homes. Mr. Bonnenfant said the bulk of the inventory was on paper within the tentative and final maps, but there were approximately 1,000 new homes unoccupied in the standing inventory. Commissioner Jung asked about unoccupied homes that were not new. Mr. Bonnenfant stated the occupancy/vacancy rates were a difficult metric to quantify and track because the dynamics changed daily. He said there were always people who wanted a new house with the latest amenities. He felt 400 to 500 homes would be built and sold per year. He advised some subdivisions were still being built, so it was not all custom homes.

Mike Haley, Sheriff, asked if there was an indication of what the numbers were for the migration of people into and out of Washoe County, who they were, and what services would they require. Mr. Bonnenfant said migration data for 2009 was available from the Internal Revenue Service (IRS), but the data did not contain any demographics. Ms. Simon advised census data was available indicating aggregate changes had occurred. She noted the biggest trend was the aging of the population.

Commissioner Jung said cash sales meant the homes were being bought by investors to be rented, which would be a different demographic due to the lower rents being commanded in this economy. She said that meant someone with lower wages would be renting the property and would need more services. Mr. Bonnenfant said homes sat empty if they were not purchased, which created another issue for law enforcement. Commissioner Jung said the other positive point was the house was paid in full and would not go into foreclosure. Mr. Bonnenfant said because the census data did not indicate who was moving here, he felt that was something the local governments needed to start asking. Ms. Simon said the newspaper used to do more granular market research about migration into the community, and staff would find out if they still had that data.

She stated rentals also tended to have more code enforcement issues. Sheriff Haley said the Sheriff's Office trended crime over four years, but there was a new reality the County would have to respond to without having the data to indicate what the new reality was. Mr. Bonnenfant said projections were built off of past trends, and changing trends made projections very hard to do; but he believed it was baby boomers moving into the area because there were no jobs.

Mr. Bonnenfant said multi-family housing was currently a strong market because of the 5 percent vacancy rates. He stated investors were trying to move into the multi-family market, which probably would lead to a spike in multi-family construction in 2012.

Mr. Bonnenfant reviewed the taxable sales slide, which compared Nevada, Washoe County, and Clark County. He stated the third quarter of 2010 was the first taxable sales increase since the first quarter of 2007, so it took 3.5 years to get back in the black with taxable sales. Mr. Bonnenfant noted the Ruby Pipeline project contributed to the increase in the second quarter of 2011. Ms. Simon advised the consolidated sales tax was a very small portion of the County's budget and the assessed values for the property tax revenues continued to decline. She noted even though the increase was good news, it had to be put in context with the County's budget.

Mr. Bonnenfant reviewed the second quarter 2011 taxable sales slide, which showed bars and restaurants leading the taxable sales. He said motor vehicle sales were going up, which was a good sign big ticket items were being purchased. He noted Clark County's bars and restaurants brought in more in taxable sales than all of the sales combined in Washoe County. Commissioner Jung said that was because Las Vegas was a tourist destination. Mr. Bonnenfant said it was calculated about 45 percent of Las Vegas' revenue was derived from tourists. He stated more visitors were coming to Las Vegas, but gaming had not seen a corresponding increase. He advised Washoe County's taxable gaming revenue had not shown a percentage increase in almost four years.

Mr. Bonnenfant said there were no demographics behind the population estimates and projections slide. He stated the population figures from the State Demographer and the Census Bureau differed, and the Census Bureau showed a steady increase. He said school enrollment was down -0.2 percent, which did not support a mass exodus. Commissioner Larkin said he disagreed with Mr. Bonnenfant's assessment because the people leaving were part of a transient population that worked in construction. He stated the people staying had kids and had roots locally. He said he knew the population decreased because his constituent neighborhoods had a lot of vacant homes and families doubling up. Mr. Bonnenfant said driving around neighborhoods did not prove there had been a mass exodus. Commissioner Larkin replied it was an indicator. He said to get some valid data, tracking should be done on a couple of individuals who came here to work and then left. Mr. Bonnenfant said the unemployment rate being as high as it was figured into there being a drop in the labor force, which pointed towards an exodus, but he was on the fence. Commissioner Larkin said he did not feel the decrease was as great as everyone thought it was. Mr. Bonnenfant stated even

though the Census Bureau numbers were higher, the State Demographer was required to re-benchmark his numbers using the 2010 census data. Commissioner Larkin said the question would be what implications the loss would have on the local governments providing services if the loss was not as great as everyone thought it would be.

Sheriff Haley stated if there had been a population increase, he would like to see information on how governmental employees could service that increase. Mr. Bonnenfant said he would have to look that information up, but the comparative studies for states and counties he had seen indicated the rate of government employees versus the population was always pretty low.

Commissioner Jung said one factor regarding the exodus indicated the people leaving had the ability to do so in terms of job skills and education. She said another thing to keep in mind was so many people with job skills in professional services came here from other places and were used to leaving if necessary. Mr. Bonnenfant said a recent census report about mobility, which was at an all time low across all states, indicated the people still moving were all in high-tech fields who were moving to high tech areas that were seeing growth.

9:59 a.m. The Board recessed.

10:10 a.m. The Board reconvened with Commissioner Humke absent.

Ms. Simon said the next part of the discussion would be on the strategic issues affecting the County.

John Sherman, Finance Director, reviewed the *Updated Summary of the Labor Targets as of October 31, 2011*, which was placed on file with the Clerk. He said all of the multi-point strategy to achieve financial stability had been completed except for achieving the labor concessions. He stated the \$11.6 million showed the total of the targets by group. He noted the savings targets were built into everyone's budgets this year. He said some groups agreed to rollover the prior year's concessions and what was shown were the estimates of the savings based on the agreements made. He stated \$6.8 million in concessions were still needed from all of the groups.

Mr. Sherman said rounding contributed to the differences between the updated summary and the *General Fund Departments with Labor Costs* documents. He stated the reductions started with the efficiencies built into May's adopted budget, while the next round included the alternative service delivery and the 10 percent reduction scenarios based on proposals adopted by the Board on September 27, 2011. He said that round resulted in \$14.2 million in changes to the original budget. He noted the spending level on salaries and wages was higher than budgeted because the savings the budget needed were not being realized. Ms. Simon said the department heads had been briefed about this challenge. She stated the proposal was this discussion would continue through December 2011, and then she and the department heads would present some choices to the Board in January 2012.

Commissioner Larkin asked if additional policy considerations had to be made. Ms. Simon replied there were policies the Board might want to reaffirm. She said making policy decisions was not agendized for today, but they would be brought back to the Board once staff was sure all of the factors that would impact the decisions were integrated. Commissioner Larkin asked if the numbers in parentheses were the number of positions. Mr. Sherman replied they were the number of funded positions as of April and things had changed as various components were implemented, but the total dollars needed to balance the budget had not changed.

Ms. Simon thanked the Finance team for pulling together the data.

Mr. Slaughter stated the *2011 Washoe County Strategic Plan Survey* document asked four questions as shown on page 1, and page 9 started listing the responses by categories and by first through third choice. He said the purpose of including the departmental issues was to help inform the discussion at the County level because the departmental issues bubbled up into the County-wide issues. He opened up the discussion by asking if the categories were correct and was anything happening at the department level that cut across all departments and the customer base.

Sheriff Haley commented the County should continue to align the commonality of functions by asking if a department was aligned correctly with what they did. He noted the County relied more and more on technology, which created an opportunity for technology to be used against it, and increased the challenges in enforcing the laws dealing with cyber crime. He stated his office felt cyber crime should have a high priority during the coming year, which would also align with the federal prioritization to focus their grant dollars to cyber crimes.

10:28 a.m. Commissioner Humke returned.

Ms. Simon said the references to employee engagement, training, support, and workloads clearly cut across the entire organization. She stated there was a need to identify what could be done to better support the County's employees so they had the skills, training, and capacity to do the job they were being asked to do.

Sheriff Haley said the amount of work employees or groups of employees could accomplish needed to be reexamined because of the cuts in employees. He stated that went towards all the things being mentioned under employees stress and workload. Mr. Berkich said it also went towards what the community, the organization, and the department heads expected from a labor force that was challenged beyond capacity to meet the demands of their jobs. He asked how expectations could be reset so the employees felt they had the resources available to accomplish their jobs. Sheriff Haley commented the brain drain was thrown in on top of that. He said the question was if the right people were available or should experts from outside the organization be brought in to help form ideas and move those ideas forward.

Commissioner Larkin said there was a clear disconnect between the community wants and needs and the resources available to meet them. Sheriff Haley stated in some instances the disconnect was created because the employees continued to try to accomplish the same level of service, while the reality had not yet struck regarding what government could actually accomplish. Commissioner Larkin said the Sheriff's suggestion was to engage outside resources to do what exactly. Sheriff Haley replied the citizens had not been surveyed about what their expectations were. He also felt experts were needed to help employees focus on what the deliverables should be because the resources were not available within the organization to focus on doing that. He said using experts would speed up the process.

Chairman Breternitz said part of the Commissioners' job was to determine policy, but the other part of their job was to support the people getting the work done. He stated he did not have a clue as to what it would take to make an individual employee's job better. He said there was not a lot of money to throw at the situation, but being realistic about the work expectations started with the departments' leaders making recommendations on service cutbacks within the department's statutory obligations. He stated he wanted to further strengthen the relationship with people who did the job and to satisfy the citizens' needs, and he wanted to know what he could do to help. Sheriff Haley stated the lack of certainty was driving a tremendous amount of frustration and anxiety that would not otherwise be there. He advised the workforce was uncommonly loyal to the County as their employer.

Commissioner Weber said everyone, including the County's employees and the Commissioners, were Washoe County residents who were all going through the same things. She stated her concern was the term "employee satisfaction," she thought that needed to be changed because she felt neither the County's employees nor our neighbors could be satisfied. Ms. Simon said she understood what Commissioner Weber was going for and the term "employee satisfaction" was old and had to do with things that created a loyal workforce who was passionate about doing their jobs. She stated the idea was for the County to do what it could to continue to be an employer the employees wanted to serve. She said people still came into the Manager's Office with comments about the excellent service they received.

Ms. Simon said some departments had great performance metrics, which quickly indicated how changes impacted the department. She stated those metrics were important in helping everyone understand what it would take to get a job done. She advised performance metrics were one of the places cut back due to lack of staff, but that might be the place to reinvest some resources to allow departments to provide that information to the Commissioners and the public to help them understand the expectations. She said more technology should also be used, which enabled the Registrar of Voters and the Assessor to provide better service with fewer resources. She stated the investment in technology had been cut, but it might need to be reinvested in along with training. She stated it was not about making employees happy, but about keeping them passionate about serving the public.

Commissioner Weber said her point was satisfaction was the wrong word to use. She said the discussion was about how the workforce could do more, but the Commission also heard about how if someone was hired today the individual would have different capabilities. Ms. Simon said she did not know if that was true. She stated the point was training and other mechanisms could be used to bring current employees up to par, but they needed to know what the expectations were.

Chairman Breternitz believed it was just as important today, as always, to have employees who came to work and got the job done because they wanted to. He said there was a certain level of incentive and satisfaction that came from doing the job well. He stated the department heads were accountable for employee performance and they needed metrics to measure that performance. He believed the current system put the County at a disadvantage when it came to employees having a sense of stability. He stated revenues were being projected out three years, while the labor contracts were being negotiated continuously with a focus on a brief moment in time. He said the County needed to work with the associations to change the game. He believed a certain level of stability was a key component in the makeup of any employee base, and everyone would be best served if the County said how much money it had and how much it could afford to pay. He said the fighting between labor and management needed to stop, and he suggested changing the relationships with associations. He believed making that change would provide the workforce with a stable work environment. He stated no one had any control over the revenue situation, but there was control regarding how people dealt with one another.

Commissioner Larkin said Chairman Breternitz echoed many of his thoughts. He believed the uncertainty of not knowing when things would get back to normal went to the heart of what many people were struggling with. He said if this country did not get a handle on what Chairman Breternitz talked about, what was happening in Greece and Italy would happen in this country. He agreed the fighting between the unions about the size of the pie needed to stop. He said things were not going to get any better and they might get worse, so the new reality was things were unstable. He said any business hated uncertainty, but that was the nature of the economy right now. He stated the Commissioners needed to provide the vision on what the next round would be and how the organization would get there.

Sheriff Haley said in the past the bargaining units were enormously cooperative, and the angst of late was because the issues did not seem to be able to get fixed easily. He stated in his 31 years, collective bargaining seldom went to arbitration; but now there was a rapid race to that split, which was the cause of the underlying anxiety. Commissioner Larkin agreed, but indicated he was not sure an outside brain would enlighten the County since everyone around the world was experiencing the same paradigm shift. He felt it was time for everyone to work together to figure out how to split up the pie. He stated the structure in place was reactive and there needed to be a paradigm shift towards it being collaborative. He believed if an outside brain was brought in, coming up with a collaborative process should be the focus rather than continuing the process used for the last three years.

Commissioner Jung believed it was imperative the employees felt engaged, productive, and committed because a lot would be lost if people were distraught or disgruntled. She said there must be some level of intervention if a paradigm shift occurred, so the morale issue did not become part of the culture. She stated she was afraid that could occur because people were being asked to do more as people continued to be laid off.

Commissioner Jung stated she liked the Sheriff's idea of bringing someone in to prioritize because the employees needed that information and management staff did not have the time available to provide that guidance. She said the employees had been asked for concessions for the last four years, and the County was the only municipality in the State to get them. She stated she supported the budget reductions, but could not support going back to employees any further. She said the County had the ability to raise revenues by increasing fees for services or by implementing the Governmental Services Tax (GST). She agreed now was not the time to implement the GST, but to keep banging on the employees was not fair.

Dr. Ellen Clark, Coroner, said her frustration was in taking into consideration the employee associations and the employment rules when managing a small department. She advised it took a lot of time to incentivize really good employee performance and to discourage bad employee performance. She stated she needed the tools to make that work easier, which she felt would go a long way in answering the job stability issue.

Mr. Slaughter said pages 2 through 3 summarized the results of the Strategic Plan Survey, and there was a lot of overlap in the categories. He noted the discussion on resources would blend in with the discussion on employee satisfaction. He stated pages 4 and 5 indicated showed the responses by first, second, and third choice. He said the intent today was to look at the responses, to identify anything missed, and to decide what the highest three to five issues were.

Commissioner Larkin stated the survey seemed to be only half of the equation with the other half being how the taxpayers felt. Mr. Slaughter said the most recent survey of citizens was done in January 2011 and asked which of the departments' services would rank as their highest priorities. He stated the question today was what the departments felt should be the County's highest priorities. Ms. Simon advised the list of important issues was taken directly from the citizen responses to the open ended questions in the survey. Commissioner Larkin felt the citizens' priorities were what was missing and, to have a relevant conversation, that data needed to be revisited so there could be some type of matchup with what the citizens were saying. Ms. Simon said she reviewed that information last week and the regional economy and jobs was ranked first; education was ranked second; and the County budget, resources, and sustainability was ranked in the top three or four of the main issues.

Commissioner Weber said she would rate the issues one way if answering as a Commissioner and another way if answering as a citizen. She felt if crime had been better defined, it would have received a higher rating. Ms. Simon advised the challenge was focusing on what Washoe County government was empowered and responsible to do. She said even though the regional economy and jobs were the number one priority for the community, the County had limited authority to do anything about jobs.

Commissioner Larkin stated even though Washoe County could not directly affect the regional economy and jobs, the issue was how the County's programs needed to be aligned. Ms. Simon agreed the County's role was the issue. Commissioner Larkin felt it was more than that, because it would be the realignment in the deployment of the County's resources. He stated for example, employee satisfaction was a concern to the operation of any organization; but that notion was not consistent with what the public was saying and with what the County's management was internally telling itself. Ms. Simon said she had been hearing if the employees were not engaged and skilled, the County could not deliver on the roles the County played or the programs that needed to be aligned with the regional economy. She did not feel people were saying that was a primary requirement, but it was a secondary requirement to provide things such as safe elections and good public works projects. She said to do that there needed to be competent and committed employees. Commissioner Larkin said the focus needed to be on going forward for the next two to five years. He felt an employee survey was not necessary because the issues were already known. Ms. Simon said it was not an issue of surveying, but of interventions to assist and support to keep the good people the County had.

Sheriff Haley said the question was if the parts of County government were aligned with the right management structure and if the people filling those roles had clear guidance and direction. He stated the further question was what was the return on the taxpayer's investment dollars. He said for each department the question was if they were fiscally efficient. Commissioner Larkin felt that extended to management as well, and management needed to be evaluated as to the structure, the relationships, and the ratios as to whether the alignment was correct. He believed no one was exempt from this process.

Mr. Slaughter said today's task was to come to an agreement on the top three to five critical issues in the County over the next two to three years. Chairman Breternitz stated he supported numbers 1 and 2, but the County needed to know from Economic Development Authority of Western Nevada (EDAWN) what it could do to help with economic development. He asked if that should be changed to supporting the development of the regional economy and jobs, because he believed the County had a more supportive role in doing that and the relationship should be clear.

Sheriff Haley said number 14, crime, was in reality people misbehaving, which would detract from and draw revenue from the ability to do the higher priority items. He stated it was important to get as many people as possible to not misbehave, and one of the ways of doing that was to offer jobs, opportunities, and housing; and by

providing people with the ability to make different choices. He believed crime detracted the County from making the area safe, secure, and a good place to live and prosper. He said he was not sure it warranted being one of the top priorities, but it deflected from the top priorities.

Commissioner Jung agreed with the top two ratings; but she felt a local government survey for incoming residents should be done so it could be used to start projecting where to put the County's dwindling resources. She said that would help her put these goals forward.

Commissioner Jung said regarding item number 1, she did not believe the County should lend or borrow money. She stated regarding item number 2, she believed the County affect jobs by working with EDWAN to attract high-paying service sector jobs. She suggested one of the ways of doing that could be to ease requirements for manufacturing in the unincorporated areas because they paid good wages and property taxes and did not require as much in the way of government services. She felt being a bedroom community was the worst thing the County could be because those communities generated low taxes and required higher government services. She also felt people needed the ability to feed themselves by growing and raising their own food, which could be helped by working out zoning issues. She said another way to have an impact would be to get serious about capturing and recycling wastewater.

Commissioner Humke said he came at the list in a different fashion. He commented number 14, crime, was a drag on all of the other items, and he suggested combining a lot of the categories. He said the greatest outlet for mental health services was at 911 Parr Boulevard with its treatment for addictions, which was not exactly a negative thing. He stated in addition to looking at relationships with the cities and the state, why not look at the relationship with the federal government and why Medicaid was a shared federal/state program. He stated the federal government made a separate deal with each state as to their percentage, which was insane. He said Medicaid should be a state program.

Chairman Breternitz said it was clear from the results that numbers 1 and 2 were the top issues while many others were affected by those two issues. He suggested focusing on the top two results while developing the relationships that fell naturally from them, because there were not enough resources to focus on the "it would be nice" categories.

Sheriff Haley said he supported doing that with the understanding the departments would have well positioned strategic plans to guide them and aligned with those two items. Chairman Breternitz stated the Sheriff just mentioned how crime affected the regional economy and jobs and it certainly had an affect on the County's budget and resources. He said the focus would have to be filtered for a specific department and then the department heads could indicate how they fit into supporting those goals. He stated rather than having five goals, there should be a laser-like focus on the top two.

Commissioner Larkin said he agreed with Chairman Breternitz regarding the need to have a laser-like focus. He noted if a more formal Strengths, Weaknesses, Opportunities, and Threats (SWOT) approach was done, the threats would exceed the opportunities regarding the County's budget, regional jobs, and crime. He said employee satisfaction would fall under weaknesses because of the yeoman's job everyone was being asked to do.

Commissioner Jung noted crime was also low in the citizen survey, which she felt was an indication the County was taking care of business and its citizens felt safe. She said there would never be financial stability if the citizens did not feel safe, nor could people be recruited from outside the area to fill local jobs. She felt it was a balancing act to keep crime from being number 1, which had been achieved by not defunding law enforcement as much as other departments had been. She felt the Commission and management had done a heck of a job over the last four years in prioritizing and making do with what it had.

Ms. Simon said it sounded like there was consensus on number 1, County budget, resources, and financial stability, and number 2, regional economy and jobs, as being the priorities for the next year. She noted number 5, improving the environment for business and job growth, was closely related to number 2 and should be integrated into it so the environment for job growth to occur would be created.

Ms. Simon asked what the goals would be if numbers 1 and 2 were the priorities. She stated this would be brought back to the Strategic Planning Committee to hash some of this out before it would be brought back to the Board for comment. She said based on Commissioner Jung's comments regarding easing zoning requirements for manufacturing, one of the goals might be for Washoe County to be a better place in which to conduct business.

Chairman Breternitz said the first thing that should be done regarding number 2 would be to ask EDawn and the business associations how the County could help them and then base the plan on that information. He felt regarding number 1, it was clear the budget, resources, and the ability to provide services all were derived from attaining financial stability and sustainability. He said the employee agreements and all other expenditures needed to be derived from that key element of stability and sustainability.

Commissioner Weber said it would be interesting to see how departments could teach the citizens to have less dependence on government and to be more self-sufficient. Sheriff Haley said the County's volunteer force could communicate a message to the area's citizens to not drain the cities and the County's resources, but to add value through volunteerism. He said there were almost a thousand volunteers who put in thousands of hours, which was money the County did not have to spend. He felt the volunteers were more important now than they ever were.

Ms. Simon said this information would be taken to the Strategic Planning Committee. Mr. Slaughter said the next meeting of the Committee would be held within 30 days and their recommendations would be brought back to the Commission within 45 to 60 days. Commissioner Larkin asked what the timeline was for releasing the budget advice for 2012/13. Ms. Simon replied that would happen in January 2012.

Commissioner Weber felt it would be helpful to have Mr. Bonnenfant available for a longer discussion prior to the next strategic planning meeting. Commissioner Humke felt it would also be helpful to have Mr. Bonnenfant do a half-hour televised presentation to the Commission, which would give the public an idea of what was going on.

11-1009 AGENDA ITEM 5 – PUBLIC COMMENT

Agenda Subject: “Public Comment. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Commission agenda. The Commission will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Commission as a whole.”

There was no response to the call for public comment.

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11:40 a.m. There being no further business to discuss, on motion by Commissioner Weber, seconded by Commissioner Larkin, which motion duly carried, the meeting was adjourned.

JOHN BRETERNITZ, Chairman
Washoe County Commission

ATTEST:

AMY HARVEY, County Clerk and
Clerk of the Board of County Commissioners

*Minutes Prepared by:
Jan Frazzetta, Deputy County Clerk*