

County of Sonoma



Strategic Planning

Analysis Phase
Final Report
Summary of Findings

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Introduction

Last fall, the Board of Supervisors and County Administrator began exploring the value of launching a strategic planning process. At the core of the discussion was the glaring fact that, for roughly the past decade, the increased cost of providing programs and services has exceeded the growth in the revenues available to fund those services. In addition, the Board recognized that the county's population was changing, as were its needs, and that deferred investment in critical infrastructure, such as roads and water transmission, was resulting in those assets being lost or at great risk in the future. As a result, the Board, in consultation with its County Administrator and Department Heads, determined that a strategic plan was indeed necessary to determine how to intervene in certain trends to decrease threats to our programs and services, and where possible to merge into other trends to create new opportunities for the organization and community.

The Board adopted a project charter for the strategic planning process which consisted of four phases:

- Readiness Phase (completed in February 2006) – to define the scope of the planning process and to define a set of preliminary strategic issues to be studied;
- Analysis Phase (this report, completed in December 2006) – to collect, assemble, and analyze data surrounding the preliminary strategic issues, and to develop key findings;
- Planning Phase (winter/early spring 2007) – to address the key findings of the Analysis Phase; and
- Implementation Phase – to develop action plans for each of the strategies identified in the Planning Phase.

To facilitate the strategic planning process the Board selected an ad hoc committee of Supervisors Smith and Reilly to work with the County Administrator in advocating for the process, providing guidance, and reviewing work products. The County Administrator in turned worked closely with a consulting firm, The Results Group, Department Heads, and a Strategic Planning Steering Committee (SPSC) to provide more specific guidance and support to the planning activities. Finally, four (4) Work Groups were formed to conduct the in-depth research and reports (attached) developed in the Analysis Phase.

Initial Strategic Issues

The initial strategic issues identified by the Board, and further refined by County Department Heads were:

1. Setting and Implementing Priorities. How do we most efficiently and effectively:
 - Set priorities and deploy the resources we have today to meet current community and performance expectations?
 - Identify additional resources?
 - Allocate resources in the future to address both short and long term priorities?
 - Carry out central oversight and support functions?

2. Demographics and Service Delivery. How will changing demographics impact the way County Government delivers services (e.g., the increasing proportion of aging and Hispanic populations, the increasing gap between the “haves” and “have nots,” composition and training of our workforce)?
3. Growth and Carrying Capacity. How can the County, in concert with other jurisdictions, address issues that accompany growth and urbanization? These issues include:
 - Infrastructure carrying capacity (transportation, water, housing).
 - Increasing gang violence.
 - How to advance the “good of the whole” versus a competition among narrow interest groups.
4. Facilities and Capital Improvements. How do we best address the increasing need for facilities/capital investments?
5. Jurisdictional Roles. What is the role of county vis a vis other governmental bodies, and how do we best address the following trends?
 - City, state and federal agencies taking a more active role in local service delivery systems or policy decisions, or
 - Reducing federal and state program support, leaving gaps in local services?

Work Group Reports

Attached to this document is a *summary* of the key findings and conclusions developed by the four Work Groups and reviewed by the Department Heads and County Administrator and recommended by the SPSC. Included in these summaries are references that can be found in the complete reports. The complete Work Group Reports are included in a separate document: “Analysis Phase Final Report”. Those Work Group Reports are organized into 4 sections:

- Section 1: Work Group Purpose and Scope of Work
- Section 2: Key Findings and Conclusions
- Section 3: Discussion of Key Findings
- Section 4: Strengths, Weakness, Opportunities and Challenges (SWOC)
(In some cases there is additional information in one or more appendices.)

Strategic Plan Development

In addition to guiding the efforts of the Work Groups, the SPSC was charged with:

- Identifying the key themes emerging from the Work Group Report findings, and
- Recommending to the County Administrator and the Board a “Final Strategic Issues Framework”. This framework will be used to guide the final two phases of the strategic planning project.

In addition, the SPSC identified the following three characteristics that are deemed critical to ongoing success of the strategic planning process:

- Establishing an organizational commitment to a timely and fact-based approach for making hard choices facing the county over the next five years. This approach should manifest itself as part of policy and program development, funding allocations, and operational decisions made at all levels of the organization, from the Board and County Administrator to departmental staff.
- Implementing “choice making” processes in a way that engages different groups in providing input into service priorities. These “groups” include (but are not limited to), County staff, clients of specific County services, representatives of other jurisdictions, civic and community organizations, etc.
- Building the capacity to collect data and assemble meaningful information to support ongoing strategic decision-making and measuring performance outcomes.

Strategic Issues Framework

The primary purpose of the Analysis Phase was to develop a deep understanding of the various needs, problems and perspectives associated with each of the preliminary strategic issues identified in the Readiness Phase by the Board, County Administrator and Department Heads.

In examining the twenty-four (24) key findings arising out of the Work Group Reports, it appeared to the SPSC that most of the preliminary issues identified by the Board were largely validated as needing both the most, and the most immediate attention. More specifically, the SPSC has synthesized the Work Group Report findings into five broad Strategic Issues that appear to capture the important elements of those key findings: (Note: to fully appreciate why these issues rise to the top, it will be helpful to read the attached Work Group Report Findings noted under each Strategic Issue below).

1. The County’s ability to provide services, which are either mandated by the state and federal governments or desired by the local community, is threatened by the fact that the costs of providing those services are outpacing revenues to support them. This financial imbalance is being largely driven by employee costs and is especially true for General Fund supported programs and those with stagnant or shrinking state or federal funding sources. Of additional concern is that insufficient funds are being allocated to reserves that are intended to carry programs and services through periods of economic decline, when our revenues are at their lowest and the demand for services are at their highest.
 - Work Group 1: Findings 1, 2
 - Work Group 2: Finding 7

- Work Group 4: Finding 1
2. County population growth and demographic changes present both challenges and opportunities for Sonoma County’s communities and will alter demands for County services. Continued growth in the senior population, increasing economic pressure on low and middle-income families, continuing substance abuse problems, unacceptably high rates of school drop-outs, and gang involvement among Latino youth will become significant drivers of future policy and program planning decisions. While the fiscal and programmatic impacts of these demographic shifts will be felt throughout the entire County system, the criminal justice, health and human service systems will be most significantly involved in addressing these changes.
 - Work Group 2: Findings 1, 2, 3, 4, 5, 6, 7
 3. The County of Sonoma has a large number of facilities that are not adequate to meet the needs of the organization and its clients into the future because they are nearing the end of their useful life or capacity, or, could be more strategically located. The County owns several major assets in strategic locations that could potentially be used to accommodate its future facility needs or to generate revenue, i.e. large parcels, centrally located or convenient to population centers for which the County has control of development.
 - Work Group 3: Findings 1, 2, 4, 7,
 4. Other critical infrastructure, most notably roads and bridges, have reached a point where the cost to maintain and replace the assets exceeds revenues from current funding strategies. The County does not have a comprehensive long-range funding strategy that anticipates future costs of ongoing infrastructure maintenance and improvements, allocates these costs over an appropriate number of years, and funds them accordingly. In the next five to seven years, bridges, water and waste water storage and transmission, and wastewater treatment infrastructure are at risk of joining our road system at this unacceptable condition of performance.
 - Work Group 3: Findings 3, 5
 - Work Group 4: Finding 4
 5. Actions by the federal government, state government, cities, tribes, districts, and other public agencies are not always well coordinated and can work at cross purposes with the needs of the County. Many of these entities and the community at large are unaware of the value of County provided services or the likely impacts if those services diminish or are lost. Unless an improved level of understanding and cooperation is proactively pursued and accomplished, effective service delivery across all jurisdictions will be compromised.
 - Work Group 1: Findings 3, 4
 - Work Group 4: Findings 1, 2, 3, 4, 5

In identifying these issues as the “Top 5” needing attention in the strategic planning process, the SPSC does not intend to minimize the other critical issues identified by the

Board and the Work Group Reports, e.g., internal support functions, maintenance of a diverse County workforce in light of changing demographics, and addressing the "good of the whole". However, it is the judgment of the SPSC that these five issues rise above the others in the potential impact on the future ability of the County to continue to carry out its mission.

Specific Issues Needing Immediate Attention

In their discussions of these "Top 5" issues, the SPSC also identified three specific issues needing immediate implementation planning and action:

- A. Employee and Retiree benefits costs
 - Work Group 1: Finding 1, 2
- B. Criminal Justice System cost drivers and facilities needs
 - Work Group 1: Finding 5
 - Work Group 3: Finding 1
- C. Road repair and maintenance
 - Work Group 3: Finding 3

In recommending that these items require "immediate attention" the SPSC is not saying that the other five issues are any less important; rather, there is a higher degree of urgency around the timeline for taking action.

Conclusion

An important observation made by both the SPSC and Work Groups, is the interdependency of the various issues under study. Part of the challenge in the next phase of planning is to develop a process and strategies that take into consideration the linkages among the five issues outlined above. It is also important to note that both organizational and departmental level steps are already being taken to address some of the issues identified above (e.g., employee benefits study and discussions with bargaining groups, criminal justice system assessment, capital planning, etc.). Therefore, the strategy development and implementation path can enhance the planning activities already under way.

The Steering Committee, Work Group Members and many others have put a great deal of time, thought and passion into these analyses and hope that their work helps to position the County to effectively address these critical issues during the next phase of the strategic planning process.

Work Group One: Setting and Implementing Priorities

Based on the information gathered, Work Group One identified the following findings and conclusions as the most significant to the County of Sonoma over the strategic planning horizon of five to seven years.

1. Absent significant changes in employee benefits cost trends, the County's ability to fund key services will be compromised, leading to reductions in capacity and service.

While County staffing overall has increased just 2% over FY 99-00, the costs for salaries and benefits have risen 63.5%, an average increase of 9% per year (See Appendix A, Chart 1). These increases have been driven largely by benefits cost increases (retirement 14%/year, health insurance 15%/year, and workers compensation 19%/year). These trends, left unchecked, by 2012 could result in benefits costing 73 cents for every dollar paid in salaries. A recent actuarial report identified \$388 M unfunded liability that needs to be amortized over 30 years, requiring a \$17 M annual contribution towards this cost.

2. Sonoma County will not be able to provide its constituents an adequate level of service without significant intervention strategies to increase revenues, decrease costs, eliminate services or transfer responsibilities to other agencies.

This marks the 4th consecutive year in which the County was unable to provide enough funding to continue services at a level provided the year before. The choices for incremental reductions are becoming increasingly difficult and the County is nearing the point where reducing the level of some services any further may jeopardize the ability to provide those services at all (For specific examples, go to p.8, Section 3.1: *Current Financial Condition*).

Over the past five years, property tax revenues have rapidly accelerated due to a strong real estate market driving property values up and a high turnover in home sales. This has been a major source of discretionary income to the County, which has used these revenues to offset loss of other funding sources and increases in the County's cost structure and service demands. Some examples include:

- Continued growth in cities with no concomitant funding structure to subsidize new residents needs for County Services.
- A rising demand for key core services.
- Pass-through funding from the state and federal governments not keeping pace with sharply rising operating costs (including employee benefits costs noted in Finding 1).
- A leveling-off or erosion of traditional funding mechanisms.

Property values have recently declined, as has the number of home sales, and should that trend continue (as many in the real estate market predict), the County's current ability to offset operational costs through property taxes is likely to be compromised (see p. 9).

3. If the County wants public support for additional revenue or changes in service levels, it will need to be more explicit about how it sets priorities, and it will have to build broader public understanding of how well the County performs its functions and the value of the services the County delivers.

Most of what the County does is not clearly understood to the population at large. To a great extent, County services are those services most people do not care to see or be a part of, such as incarceration, prosecution, probation, treatment for substance abuse and other health and human services. And yet, these are the very services that require the highest proportion of the County's locally generated General Fund revenue, a source of funding at greatest risk of flattening out over the next five years (See Finding 2). Furthermore, the community in general does not have a clear understanding of the need for, and downstream impact of, many of the County's services on Sonoma County residents' overall quality of life and the County's long-term economic viability.

Some specific County practices also contribute to this public understanding gap. The processes used by departments in setting priorities are not very consistent or explicit, nor is there a formal linkage between departmental priority-setting processes and Board of Supervisor (BOS)/County Administrator Office (CAO) priority setting. For example, there is no formal process for communication of priorities between the Board of Supervisors and departments or between departments and the community. The process or system used by departments to monitor performance or accountability was generally described as informal with little centralized or systematic reporting of data or results. For most departments, productivity and outcome measures are not routinely collected and reported as a measure of performance. In fact, in the process of developing this report, lack of consistent approaches made it difficult to generate comparable data on the potential impact of future cost-cutting measures or revenue enhancement options. Finally, relatively few Departments benchmark performance with national or statewide data or standards. (For additional information, see Section 4.A-C, p. 12-16)

In summary, the combined lack of public understanding and lack of explicit County processes creates obstacles to building, much less maintaining public support for County services.

4. State and federal governments will continue to pursue policies and legislation that shifts or mandates responsibility for providing services to the local level without concomitant funding structures. As funding from the state and federal government to local government tightens, local government agencies will continue to actively pursue strategies to develop funding structures that could negatively impact County revenue streams.

When the State of California has had a fiscal crisis in the past, the state has raided local discretionary funding, cut state-funded programs carried out by local governments, deferred payment of state obligations and shifted costs in the direction of local governments. In addition to the above noted impacts, many state and federally-funded County programs have seen increases in the cost of doing business, but no commensurate rise in funding. For several years services have been

substantially reduced due to these increases in fixed costs. In the past, the State has “realigned” programs, forcing local governments to bear a greater share of program costs. While the state has also increased funding to theoretically cover these costs, the funding has not been enough to fully cover some of the service costs, e.g., mental health. Public health will likely find itself in this position in the years to come.

While state raids on local discretionary funding were significantly curtailed with the recent voter approved Proposition 1A, the state’s fiscal woes are not over. It is difficult to predict what the timing and degree of impacts on local services will be, but it is very possible that in the next three to six years the County will see the state turn again to local governments to fill its shortfall.

Recently, several cities in Sonoma County have pursued strategies to secure revenues and develop funding structures which have negatively impacted County revenues, such as: forming Redevelopment Districts and diverting property taxes from the County to the city, and annexations of high-volume retail sales areas to increase sales-tax base. Furthermore, there has been a lack of coordination between cities, the County and special districts when going to voters to develop new revenue streams. Given the limits on taxpayers’ acceptance of new taxes, the cities, County and special districts must have better coordination in development of new revenue streams, or the County will have difficulty meeting its revenue needs. It will be hard to meet growing demands for new services.

- 5. The criminal justice system (District Attorney, Public Defender, Sheriff /Jail and Probation) has been the single biggest cost to the General Fund, as is consistent with every California County. Over the next 5 years, criminal justice will need to be one of the highest priorities with regard to examining cost moderation and looking for opportunities to reduce increasing demands for service.**

Criminal justice system net costs have increased 103% from fiscal year 99-00 to fiscal year 05-06, largely a result of accelerating salary and benefits costs during that same period (See Funding 1). General Fund and designated discretionary fund revenues, on the other hand, have increased only 70% during the same time frame. In fiscal year 99-00, Criminal Justice net costs comprised 42% of General Fund and other designated discretionary expenditures, while in fiscal year 05-06 they comprised approximately 60% of those same funds. (See Appendix “A” Chart 2 and Work Group 2 Report, p.8). Several additional factors have led to these increased operating costs, including the number of violent assault cases involving multiple suspects (gangs) and the increasing number of alcohol and drug (AOD) substance abuse and sales cases. The approach to improving the effectiveness and efficiency of criminal justice services will most likely require one that considers the interdependencies between Criminal Justice Services and Health and Human Services.

Work Group Two: Demographics, Growth, and Service Delivery

This report presents the findings of Work Group Two, divided into two categories. The first includes demographic trends and other drivers of demand for County services. The second considers how these trends and drivers, as well as other factors unique to specific departments or programs, impact the County.

- 1. Sonoma County will grow slowly but steadily.** The County will become increasingly urbanized and have greater in-commuting, placing an increasing burden on County infrastructure (roads, water and wastewater systems, and solid waste disposal).
- 2. The over-60 and Latino populations will grow in proportion to the overall county population with implications for the nature of future County service delivery.** Demographic projections for the two decades from 2000 to 2020 indicate that the over-60 population will increase from 16% to 27% of the county's population while the percentage between age 21 and 60 will decline from 56% to 50%. In 2010, more than 110,000 Sonoma County residents will be over age 60. This population experiences high rates of chronic illness and disability, and places a high demand on programs that serve seniors (for example, seniors are placing a growing demand on the In-Home Supportive Services program, which grew by 60% between 2001 and 2006).

The Latino population will also continue to grow rapidly. Latinos provide much of the workforce needed to fuel the County's economic growth, and are increasingly becoming homeowners and business and community leaders. Still, a significant number suffer the effects of poverty and rely heavily upon County services such as Medi-Cal and food stamps (for example, among Latinos, 20% are currently eligible for Medi-Cal versus 6% of the White* population). Also, the Latino population is much younger than the Sonoma County average (the median age is 24 years versus 41 years among Whites). The dropout rate among Latino high school students is 17%, more than twice that of White students. This, combined with the growth in Latino gangs (see item 5 below), creates significant concern for the needs of Latino youth and indicates a potentially high demand for County services into the future. To serve the growing Latino population, all County departments that serve the public will have an increasing need for bicultural staff.

- 3. Low and middle-income families will continue to face increasing economic pressure as living costs increase but wages lag behind.** The high cost of housing in Sonoma County, as well as nationwide increases in the cost of health care, health insurance, gasoline, and other necessities, is hitting low and middle income families particularly hard, given national statistics showing that their wages are flat or declining. This dual trend is eroding low and middle-income families' ability to afford to live in Sonoma County. It will also continue to drive an increasing demand for some County programs (e.g. food stamps and housing programs), and will negatively impact the County's ability to recruit staff.

* In this report the term "White" refers to the White Non-Latino population demographic.

- 4. Gang activity will continue to increase, placing a heavy burden on the criminal justice system.** Gang membership continues to grow rapidly, particularly in Latino-identified gangs, placing an increasingly heavy burden on resources in law enforcement, the courts, and juvenile and adult detention facilities. For example, in just three years, the number of gang-conditioned sentences in Juvenile Court nearly tripled – from 145 to 385 cases between 2002 and 2005.
- 5. The County’s high rates of alcohol and methamphetamine abuse will continue to have a major impact on the demand for County services.** The prevalence of alcohol abuse in Sonoma County is indicated by the fact that the county’s rates of the following all exceed statewide averages: fatalities from alcohol related traffic accidents, teen drinking and marijuana use, adult and youth admissions to alcohol and drug treatment programs, juvenile arrests for alcohol and other drug (AOD) offenses, school AOD offenses, and other indicators. A significant number of children in Sonoma County are born exposed to alcohol or drugs prenatally. Together, arrests related to alcohol and other drugs (AOD) constitute nearly half of the total bookings in Sonoma County detention facilities. This does not include other crime categories that are likely influenced by AOD, such as violent crime, property crime, and sex crimes. Other than alcohol, methamphetamine constitutes the greatest portion of the AOD problem. Methamphetamine use is the second most common primary drug – following alcohol – of abuse among those admitted for AOD treatment in Sonoma County, and that treatment contains a higher percentage of methamphetamine abusers than the state and national averages. Also, methamphetamine use prior to arrest is reported by 60% of the inmate population.
- 6. The demand for County services will increase at a far greater rate than County population growth in several program areas where there is a significant share of County costs. The increasing demand, in combination with the fact that the County is not fully reimbursed for the full cost of providing these services, creates significant challenges to the County’s ability to maintain service levels.** The six trends described above, along with other factors, combine to drive up demand and cost, particularly throughout the criminal justice system. The costs of Criminal Justice Services consume the largest share of the County’s discretionary General Fund revenue, and while the County’s population increased by 11% between 1996 and 2004, Criminal Justice Department costs increased by over 100% (though largely due to salary and benefits cost increases, see Work Group 1 Report, Finding 1). These increases are driven in part by rising gang activity, which has driven up the number of offenders per case, placing a greater burden throughout the criminal justice process (from arrests, to prosecution, to publicly-funded defense, to incarceration). Similarly, cost and service demands have increased dramatically in several Health and Human Services programs. For example, in-home care for people with disabilities and the frail elderly has grown from about 2,500 recipients in 2001 to about 4,000 in 2006 and the County’s share of program costs

nearly tripled during that time. Also, while foster care program caseloads have remained fairly constant from 2001 to 2005, the County's share of costs escalated from \$4.9 million to \$6.4 million, a 30% increase, driven in large part by a shift in funding from the federal and state levels to the County. While State funding offsets some costs in County programs, it falls short of the overall cost increases from year to year.

7. Sonoma County's social fabric will continue to trend toward greater diversity, leading to new challenges in service delivery and governance.

While difficult to quantify, most experts agree that Sonoma County's demographic and social trends over the next five to seven years will increasingly move in the direction of both a growing elderly White population and a growing, younger Latino population. The opportunity to take advantage of this diversity and build a more cohesive community could positively impact the County's ability to develop a broad-based policy and programmatic consensus to address the issues and needs described above.

Work Group Three: Facilities and Capital Improvements

Workgroup Three identified the following findings and conclusions as the most significant to the County of Sonoma over the strategic planning horizon of five to seven years (with consideration of an even longer horizon for major facilities and infrastructure, given the timeline for planning and completing major projects).

Finding 1. Criminal Justice Facilities: Expansion of adult detention facilities represents the County’s single most significant, long-term capital expenditure in the near future, potentially costing hundreds of millions of dollars.

Justice facilities have accounted for the largest portion of County capital project costs for many years. Of all County General Government building construction since 1975, detention facilities have accounted for about 75%. Currently the County owns and leases over 800,000 s.f. of space for criminal justice functions, of which the vast majority is for detention facilities. This is about 41% of all County leased and owned facilities, whereas the next largest functional area utilizes 23%. While expansion of incarceration alternatives and treatment programs, combined with changes in criminal justice practices, could potentially mitigate some of the immediate need for additional capacity, adult detention facilities expansion will need to be addressed during the time horizon of this planning process. For example, the North County Detention Facility, originally designed as an “honor farm,” needs improvements and the facilities are not well suited to their current use. The Sierra Youth Center facility is over 50 years old, no longer properly configured, and is inadequate for the program.

In addition to detention facilities, there is a need for expansion and improvement of facilities for criminal justice administration. Adult justice offices, constructed in 1965, have reached or exceeded operational capacity and are no longer properly configured. Possible transfer of responsibility for court facilities to the state could impact County programs and facilities, especially if court facilities are relocated(See page 5 for more information)

Finding 2. Other Departmental Facilities: Several other Departments have facility needs requiring attention over the next five years.

- Human Services Department faces capacity issues in the Paulin Building and Mendocino Avenue site (leased space), and there is an increasing demand for client services to be located in some other high-client-density areas where there are currently no County HSD facilities.
- Health Services Department facilities at the Chanate Complex have significant issues with aging or inadequate infrastructure and access. Also, with reductions in State and Federal funding for health services (see Work Group Four Report), there are concerns as to sources of revenue for facility maintenance.
- The Permit Resource Management Department is currently at capacity in its main office on Ventura Avenue, and additional space in the immediate vicinity is limited.
- Land that has been acquired by the Agricultural Preservation and Open Space District and transferred to Regional Parks for recreational purposes has caused,

and may increasingly cause in the future, expansion of County parks without commensurate funding for maintenance and operation.

- Veterans Memorial Buildings are between 45 to 56 years old and in need of significant repairs.
- Office facilities for the Board of Supervisors, County Administrator, County Counsel, Information Systems, and Clerk/Recorder/Assessor do not meet County space guidelines. They are crowded and inadequate for their function.

Finding 3. County Roads and Bridges: In the five-year planning horizon, annual expenditures for road and bridge repair and maintenance will need to more than double just to mitigate further decline.

The County currently maintains over 1,400 miles of roads. Approximately 900 miles are minor residential and rural roads, of which approximately 450 miles are failed and in need of reconstruction. Most of the balance are in need of significant repair and maintenance. Road maintenance costs have risen significantly in recent years. Some funds are available for relatively minor repairs; however, there is no predictable, ongoing funding source devoted to improving the condition of these minor residential and rural roads. In addition, the County maintains more than 450 miles of major roads, which are in generally better condition than the minor roads, in part because they are eligible for federal and state funding for major repairs and improvements. Finally, of the County's 350 bridges, typically each year two bridges need to be replaced due to undermined foundations from river-caused erosion around the foundations.

The need for road maintenance is growing with general use increases caused by long-term population growth, and increased use of major roads as alternatives to congested highways. Increasing traffic congestion could create demand for expansion of these major roads. The overall pavement condition of the County road system is gradually declining (it has been reported as the worst in the Bay Area region) and will continue to decline without a major infusion of capital. The average "pavement condition index" (PCI) for the major roads is approximately 53, or "fair"; more troubling is that over one-third of these roads are rated poor or failed. The average PCI rating for minor roads is approximately 37, or "poor," with over two-thirds reported as poor or failed. Over the five-year planning horizon, annual expenditures for road repair and maintenance need to more than double just to mitigate further decline (See pages 8-9 for more information).

Finding 4. Ongoing Funding for Facilities Maintenance and Improvements: The County does not have a comprehensive long-range funding strategy that anticipates future costs, then allocates these costs over many years and funds them accordingly.

Although the County has managed to maintain its buildings in generally very good condition, there is a fundamental problem. It arises in two categories of facility costs: The first category is "Major Repair and Replacement of systems in and on buildings (MR&R) (e.g., roof replacement, HVAC equipment, etc.). In this category, the County budgets what it can afford from year to year. However, approximately 60 percent of County buildings are now over 30 years old, with major components nearing the end of their useful lives, and several facilities discussed in this report need significant repairs and replacements (e.g., the Santa Rosa Veterans Building and the Chanate Complex).

The second category is construction projects such as remodeling, expansion and new facilities, known as Capital Improvements (CI). These projects are typically supported by non-General Fund sources, such as grants and special funds, or long-term debt. By law, the County has significant unused debt capacity that could be used for improvements. The County has used approximately two percent of its available general obligation-type borrowing capacity, leaving \$1.02 billion available for this purpose. However, there is seldom a source of funding to pay ongoing debt service, which typically would need to be taken from the General Fund, thereby reducing the amount available for County programs and other critical uses. Thus, major construction projects also need to be part of a comprehensive, long-term funding strategy. The County does have an excellent five-year rolling Capital Project Plan (CPP), which identifies most MR&R and CI needs. But the total funding identified in the recently-updated 2006-2011 CPP falls short of the identified and quantified projects by \$78 million, and that figure does not include the hundreds of millions represented by a new jail facility or an even greater amount for thorough upgrading of County roads (See Appendices C and E for more information).

Finding 5. Water and Wastewater: While increasing volume demands and aging infrastructure may not disrupt service in the next five to seven years, they could become increasingly critical over the subsequent five to seven years, depending on growth in the agricultural, residential and commercial sectors.

Demands on the County's water and wastewater system are increasing with growth and urbanization, creating potential problems in some areas of the County resulting from volume demands or aging infrastructure. For example, in a few County Sanitation Districts and Water Agency Sanitation Zones, aging sewer systems and aging or underperforming wastewater treatment facilities are in need of major repair, improvement, and/or replacement. Increasing regulatory requirements and environmental considerations also affect the ability of water and wastewater systems to meet long-term capacity demands. Without new or improved systems, hundreds of property owners could be faced with losing the use of their homes if their septic systems continue to fail, particularly in light of the proposed changes to the State septic system standards. (See pages 9-10 for more information.)

Finding 6. Solid Waste: The County lacks agreements for maintenance of closed landfills and for solid waste out-haul and disposal.

Within the five-year planning horizon, the County will need to negotiate fair-share funding agreements to share liability with the cities for closure of the Central Landfill and 30 years of post-closure maintenance of eight closed landfills. Additionally, the County has traditionally provided regional disposal services to the cities (with the recent exception of Petaluma) without any agreements in place, which secure participation. Within the five-year planning horizon, the County must negotiate agreements with the cities to be able to secure long-term out-haul and disposal contracts.

Finding 7. County Properties and Facilities: The County owns several major assets in strategic locations that could potentially be used to accommodate its future facility needs or to generate revenue, i.e., large parcels, centrally located or convenient to population centers for which the County has control of development. (See "Opportunities" on pages 12-13 for more information.)

Work Group Four: Jurisdictional Roles

Work Group Four identified the following “major findings and conclusions” as the most significant to the County of Sonoma over the strategic planning horizon of five to seven years.

Finding 1. State and federal governments will continue to pursue policies and legislation with insufficient regard to impacts at the local level. Sonoma County’s ability to shape its future depends in large part on its ability to positively influence the policies and actions of key partner agencies (Federal, State, Regional, Tribal, City and special districts.)

One of the key questions the Board of Supervisors charged the Work Group to examine was how changes in federal and state funding might impact the County’s ability to deliver local services. The Work Group found:

- a) Increasing pressure at the federal level to limit entitlements. For example, changes in medical eligibility will result in increased demand for County-funded services.
- b) Categorical funding has become more prescriptive. For example, funds used for Inter-Disaster Mitigation Act of 2000 now require a multi-jurisdiction plan before disbursement. New federal homeless policies mandate regional housing plans be developed as part of funding requirements.
- c) Increasing shifts in the burden of responsibility for services from the federal government to the state and county level, and
- d) The state’s continuing budgetary crisis has led to both a loss of funding and increased regulations and requirements about how funding can be allocated. This has resulted in the County’s ability to deliver services being increasingly constrained and prescribed, i.e., both the federal and state governments are using funding resource streams to implement more global strategic policies, and directing and restricting funding to achieve their respective goals and objectives.

In many cases this leads to incompatible and or conflicting requirements from federal, state, and regional entities, and does not take into account service needs at the local level. While passage of Proposition 1A in 2004 has been extremely effective in assuring that locally collected tax dollars remain local for local use, there have been increasing strains in the relationships between County departments and their respective state counterparts as to who should be responsible for funding various local services. Some examples include: Cal Trans reducing its commitment to maintaining roads within the County, and the state capping the number of authorized employees at regional water agencies even though they have a need, and in some cases, funds to support a larger organizational capacity.

An example of the difficulty in complying with conflicting policies/requirements between agencies is found with the Army Corps of Engineers Readiness Division requiring there be no trees fronting levees and waterways. The regulatory division of this same agency, as well as the National Oceanic and Atmospheric Administration, prohibits the removal of trees from these same levees and waterways. In addition, the State of California Fish and Game, and Federal Fish and Wildlife permitting processes overlap, yet each set of requirements has to be met.

Furthermore, the failure of the state to adequately fund programs the County is required to provide very often shifts indirect costs to the County. For example, the failure of the state to build adequate capacity in its mental health system forces the County to house individuals locally who are required to be moved to hospitals (which are increasingly unavailable due to capacity issues). (For more examples, see p. 5: Section 3A: *State, Federal and Regional Issues*. For more detail on federal and state mandates, see Appendix A.)

Finding 2. Developing trust and positive working relationships between County and federal, state and regional personnel, including elected officials, and community partner organizations, is likely to become more difficult, making it harder for the County to navigate an increasingly complex fiscal, policy and service-delivery landscape.

Competing priorities and ill-defined roles, responsibilities and authorities have led to jurisdictional conflict at a time when funding sources have become increasingly less stable. In addition to the problems identified in Finding 1., cooperative relationships between County officials and their federal, state, and regional entities counterparts continue to degenerate as a result of retirements (i.e., the baby boom cohort), “terming-out” of legislative positions, and key personnel being lured away by the private sector and other local government agencies. This has resulted in a loss of institutional knowledge, project history and background, and trusting relationships. Historically, these key relationships have been critical in helping the County and other governmental agencies meet their respective goals and objectives, see projects through to completion, facilitate processes that serve all partners and efficiently deliver services and products. Replacement personnel may not have the experience, the level of trust, or the benefit of understanding how these relationships evolved over time and what shaped and influenced them.

For example, state legislative term limits have resulted in the loss of current advocates or champions in the legislature for local services such as mental health or alcohol and drug programs. This loss of a knowledge and experience base removes consistency, forcing the professionals and experts in a range of policy and program areas to re-educate the legislature in the areas of building knowledge and trust as well as in finding “champions” who know the field and are committed to providing sustained advocacy and leadership. The County lacks both a dedicated strategy and resources for building and maintaining these relationships over a sustained period of time.

Finding 3. The proliferation of initiatives, propositions and the formation of special districts will continue as residents seek direct avenues to solutions and/or more local control to meet their interests.

One significant impact of Finding 1 is increased public confusion about “who in government is responsible for what”. Combined with increasing public dissatisfaction with “legislative gridlock” in Sacramento and Washington, D.C. (partially as an outgrowth of the problems outlined in Finding 2), this dissatisfaction has led to increasing perceptions that government is non-responsive to local needs. Some of the blame is focused on County government. Nevertheless, one result is a tremendous increase in initiative-based legislation addressing focused issues, a proliferation of ballot measures,

and formation of special districts designed to serve specific, very vocal, constituencies.¹ While in some cases, these initiatives have resulted in targeted funding for important local needs (e.g., Proposition 63, Mental Health Services Act), in many cases, poorly written ballot language and accompanying documents have resulted in significant implementation problems at the local level.

Proposition 90, currently on the November 7 ballot would vastly curtail eminent domain and the ability of local governments to change zoning designations. It would also upgrade the threshold of compensation and clearly signal some displeasure by constituents relative to what some perceive as an excess of government power.

Finding 4. Lack of effective cooperation with cities and other local jurisdictions on resolution of infrastructure and service issues will lead to increasing conflict over intergovernmental coordination and funding.

Cities view the County as generally very open about sharing information and demonstrating a willingness to work together with cities on areas of mutual interest. However, the current relationship between cities and the County is best described as conflicted, i.e., characterized by examples of both effective collaboration and frustrating lack of consensus and coordination. On one hand, at all levels, many strong working relationships exist between County and local government elected officials and staff. These relationships have led to a number of successful collaborative efforts, e.g., the County-wide REDCOM dispatch and communications project, Geysers wastewater project and numerous road development and maintenance projects (For more detail, see Section 2C: *Regional Issues*). Nevertheless, at both the policy and programmatic level, the cities perceive the County to be overly bureaucratic and too sensitive to vocal interest groups and critics. The belief is that insufficient focus is placed on developing long-term strategies meant to reduce more complex and significant delays in addressing pressing problems.

There are five “complex issues” where local municipalities want greater control: water resources, transportation, land use policies, solid waste, and maximizing resources. Other issues they are glad to leave to the County to address. (For greater detail on the five city-County issues, go to Section 2B: *Cities Issues*)

Finally, given growing fiscal pressures both cities and counties will likely face over the next 5-7 years (see above, Finding 1, and Work Group Report 1, Finding X), there is increasing urgency to find a more comprehensive resolution to the aforementioned complex issues of concern. In addition, it is not only the public at large who appear to lack a full understanding of the services the County provides to all residents. A lack of awareness among some local jurisdiction representatives about the interdependencies of their activities with certain County departments is cause for concern. In particular, there was no mention or acknowledgment of County-provided health and human services in the Work Group’s interviews with city officials.

¹ Since the beginning of 2001, 90 local measures have been on the ballot in Sonoma County (though not all involved revenue generation), and 11 new Special Districts have been formed (current total: 88, not including schools).

Finding 5. The community at large has a lack of awareness of the responsibilities and value of services provided by County departments and other jurisdictions.

In a recent poll, 54% of the respondents indicated they were satisfied with the Sonoma County Board of Supervisors, while 16% indicated they were dissatisfied. The telling statistic is that 30% responded that they “don’t know”. As noted earlier, many citizens cannot distinguish between what services the County provides, and what services are provided by local municipal governments, special districts and even the state. The average citizen sees all of them as part of the same bureaucracy, and unless they have a particular need that requires interaction with a County or city department, have a very limited understanding of the services available to or value provided them.

Left unaddressed, and given the pressures described in Findings 1-4, this lack of public understanding could significantly constrain the County’s ability to positively engage the public in addressing and resolving the important and complex issues outlined in Finding 4, and later in this report. On the other hand, a major opportunity for the County is to mobilize strong public interest in governmental affairs. Sonoma County has one of the highest levels of voter participation in the State, e.g., in the 2004 election, 89.37% of the County’s registered voters cast their ballots, the second highest total in the State.²

However, as noted in Finding 4, the County faces the challenge of finding solutions to issues of broad concern in an environment where many in the public often focus on the most narrow set of interests in trying to deal with the overwhelming complexity and proliferation of issues and jurisdictions. In the next five years, without a broader and deeper public understanding of County services and responsibilities, and how they intersect with other jurisdictions, local policy and programmatic “gridlock” could increasingly become the norm.

² http://www.calvoter.org/issues/votereng/votpart/images/stats_by_county1.jpg