

# Final Report of Engage Gwinnett

April 27, 2010

Presented to the Gwinnett County  
Board of Commissioners





## INTRODUCTION TO THE REPORT

It has been a distinct honor to be the co-chairs of the Engage Gwinnett committee. We are particularly proud of how our members, alternates, staff and County department heads have embraced the important task of closely studying the way that our county government works and how the current economic situation has impacted the delivery of services to the citizens of our great county. The many suggestions that have been generated have been weighed carefully to insure that any future service delivery changes do not have a detrimental impact on the quality of life that we all enjoy.

The Engage Gwinnett committee concept serves as a model for future use within and outside of Gwinnett County – a model for how our community and others can harness the input and positive energy of its citizens for the common good.

We were asked to lead an effort to involve citizens in an open and transparent review of County services and service levels, to facilitate discussion of core and non-core services, to involve the public and to make recommendations to the Board of Commissioners regarding how to pay for the service levels that citizens in Gwinnett County support.

During the past six months we, together with 40 members and 40 alternates, met for three and a half hours every other week to study Gwinnett County government and the services that it provides, to discuss expense reductions and revenue options, and to provide a report of recommendations. This is our report.

To help set the stage for the readers of this report, we would like to point out that Gwinnett County took several significant steps in 2008 that were already in place when Engage Gwinnett began its work. Additionally, we believe it is important to remember that Gwinnett County has a history of strong conservative financial management. Since 1997, the County has maintained a triple-AAA credit rating from each of the three major ratings agencies (Standard and Poors, Moodys, and Fitch). The rating agencies have cited the County's low debt levels, pay-as-you go capital program and strong financial reserves as reasons for the superior credit rating. This rating is held by only 23 other counties in the United States.

In the fall of 2008, Gwinnett County implemented two initiatives to strengthen the County's financial position. The first was the Service Value and Responsibility (SVR) project. Starting in September 2008, more than 70 employees on nine evaluation teams led by senior management and facilitated by an external consultant reviewed departmental budgets and operations and made recommendations. By late November, ideas were being discussed on ways to cut costs and improve efficiency. Examples of costs examined included: non-core services, administrative functions, rates and fees, productivity, facility operations and maintenance, equipment, inventories, supplies, and personnel costs including overtime and benefits. More than 150 cost-saving alternatives were identified totaling approximately \$79 million. Nearly 100 of these cost-saving proposals were incorporated into the 2009 budget, resulting in approximately \$40 million in savings. Of that amount, approximately \$33 million were expense reductions and nearly \$7 million were revenue increases.

In the fall of 2008, Gwinnett County also implemented reductions in force and retirement incentive offers within the Planning and Development Department (79 positions) and Department of Water Resources (14 positions). These were the first departments to evaluate their core operations in relation to our changing

environment and make major changes. With the Business Planning Process, all departments are now evaluating ways to reduce or refocus services for operational efficiency as it relates to core services.

The Engage Gwinnett Committee received reports about these and other efforts by the County to provide services at levels acceptable to the citizens of Gwinnett County in an efficient and cost-effective manner. Our report builds on those significant accomplishments. Throughout the process, we have been impressed with the professionalism of Gwinnett County's staff. We thank the Gwinnett County Board of Commissioners whose chairman and members have shown an active interest in our progress. Finally, we would like to thank the Gwinnett Chamber of Commerce and its members who contributed one-half of the cost of this study and provided staff to support the work of the Engage Gwinnett committee.

In closing, it is important during difficult economic times like these to focus on balance. Gwinnett County is not alone in experiencing the stress of managing a budget in a period of declining tax digests. The economic stresses that confront Gwinnett are also affecting our federal and state governments and those of Gwinnett's neighboring counties. Gwinnett County government is positioning itself to be leaner and more efficient when we emerge from this economic climate. Frankly, Gwinnett County and its citizens are unaccustomed to paying for county government services when the tax digest declines. To the contrary, between 1992 and 2008, the net tax digest of Gwinnett County increased from about \$8 billion to about \$29 billion. That more than threefold increase followed a decade when Gwinnett was one of the fastest growing counties in America. As its net tax digest more than tripled, Gwinnett County invested in infrastructure, and as a result citizens and visitors today enjoy amenities that other counties and municipalities do not. As Gwinnett County's population grew rapidly, its County government grew to meet the needs of its citizenry. Along the way, Gwinnett hired and developed a County staff that is the envy of other counties and cities in our nation. How Gwinnett County protects the investments it has made in people and capital assets during the current economic conditions and in the next five years will determine whether Gwinnett County achieves its promise or falls short. Balance is needed, we believe, for Gwinnett to continue to retain existing employers and to attract new businesses. We encourage the Board of Commissioners to provide strong leadership and to focus County efforts on steps that will support an environment in which Gwinnett's citizens continue to enjoy a superior quality of life and choose to live, work and play. With that goal in mind, we hope that the recommendations of the Engage Gwinnett committee will further the constructive dialogue between the taxpayers and our County government.



Bill McCargo



Mike Levensgood

## TABLE OF CONTENTS

<b>INTRODUCTION TO THE REPORT</b> .....	<b>3</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>7</b>
<b>ABOUT ENGAGE GWINNETT</b> .....	<b>9</b>
Members of Engage Gwinnett .....	9
Engage Gwinnett’s process.....	10
Engage Gwinnett by the numbers.....	12
<b>GWINNETT COUNTY’S FINANCIAL SITUATION</b> .....	<b>13</b>
<b>UNDERSTANDING COUNTY FINANCES</b> .....	<b>15</b>
Understanding Gwinnett’s Value Offset Exemption .....	18
<b>MAJOR RECOMMENDATIONS</b> .....	<b>19</b>
Major recommendations for the status quo .....	21
Major recommendations for a declining tax digest.....	23
Major revenue recommendations for a declining digest .....	26
<b>WORK GROUP REPORTS</b> .....	<b>27</b>
<b>COMMUNITY SERVICES</b> .....	<b>28</b>
Observations .....	29
Challenges and considerations.....	31
Recommendations for the status quo.....	33
Recommendations for a declining tax digest .....	35
<b>DEVELOPMENT AND INFRASTRUCTURE</b> .....	<b>38</b>
Observations .....	38
Challenges and considerations.....	40
Recommendations for the status quo.....	42
Recommendations for a declining tax digest .....	44
<b>FIRE AND EMERGENCY SERVICES</b> .....	<b>46</b>
Observations .....	46
Challenges and considerations.....	48
Recommendations for the status quo.....	49
Recommendations for a declining tax digest .....	51
<b>INTERNAL SERVICES</b> .....	<b>54</b>
Observations .....	54
Challenges and considerations.....	56
Recommendations for the status quo.....	57
Recommendations for a declining tax digest .....	58

**LAW ENFORCEMENT AND JUDICIARY ..... 59**

- Observations ..... 60
- Challenges and considerations..... 61
- Recommendations for the status quo..... 63
- Recommendations for a declining tax digest..... 65

**SPONSORS OF ENGAGE GWINNETT ..... 66**

**ALTERNATE MEMBERS OF ENGAGE GWINNETT ..... 67**

**PRESENTERS TO ENGAGE GWINNETT ..... 68**

**STAFF, CONSULTANTS AND VOLUNTEER FACILITATORS ..... 70**

**RECOMMENDATION: 1 MILLION VOLUNTEER HOURS FOR GWINNETT..... 71**

- Background ..... 71
- Recommendation..... 71
- Essential elements of success..... 72
- Anticipated objections and obstacles ..... 73

**RESOLUTION TO THE BOARD OF COMMISSIONERS..... 75**

**CONCURRING OPINIONS WITH QUALIFICATIONS..... 76**

**DISSENTING OPINIONS ..... 77**

- Keith Roche ..... 77
- Dick Goodman ..... 79
- Bob Griggs ..... 83
- Jack Mason ..... 92

## EXECUTIVE SUMMARY

Engage Gwinnett began its work in October 2009, with the charge of answering some basic questions about Gwinnett County government and the services it provides: In a time of scarcity, which government services are truly needed? Which should be provided by the County and which might better be provided by others? Which services could be eliminated or reduced? And how should the services that are truly needed and appropriately delivered by the County government be paid for?

After six months of work – meeting twice a month in three-and-a-half-hour sessions, plus holding six sessions with citizens to get their ideas – we are delivering this report with two sets of recommendations:

- 73 recommendations for what we call the “status quo,” the possibility that economic conditions will remain pretty much the same in the next few years and further reductions in Gwinnett County government services or increases in revenues will not be needed. Many of these recommendations are detailed, and they indicate ways of improving service delivery while reducing costs. These are things the County should do simply because they make good sense.
- 40 recommendations for what we call a “declining digest” scenario, the possibility that the County’s tax digest might decline dramatically for the next few years. We stress that this scenario is not a prediction; it is a possibility. We have been cautioned by County officials, however, that an additional decline in the tax digest is possible, beginning in 2010. Thus we are recommending a set of aggressive steps to respond to this possibility.

Much depends on how much the tax digest declines. If it were to contract by 10 percent or more, we do not believe the resulting budget and revenue gap could be made up entirely through service reductions, although our recommendations call for deep cuts in some areas such as Parks and Recreation and in the Library System. Nor do we believe aggressively increasing fees for County services would be enough to make up the difference, although we recommend substantial increases in County fees. Thus, we reluctantly recommended the use of some one-time revenues and a modest tax increase, should the tax base decline substantially.

In our long examination of County government, we did not find a substantial service area that should simply be eliminated. We did find smaller areas where the County may be better served through outsourcing or privatization – from security screening at the Gwinnett Justice and Administration Center entrances to managing the animal control center. We also found areas where the County should impose fees that allow it to break even on its services or reduce subsidies substantially. These areas range from recreation facilities and public transit and to certain court services such as lawsuit filings and civil process delivery. (The change in court fees would require changes in state law – and we strongly urge the legislative delegation to assist in this effort – but other fee increases could be implemented by County action.) We also found areas where services could be reduced or delivered in different ways, at less cost. An example is the Library System, which is overseen by the Library Board. The Library System presently manages its branches with a “one size fits all” staffing model that we think could be changed to a more flexible system that would serve its patrons well and save substantial amounts of County money.

We should note that we found numerous areas where County leaders and employees have already made substantial expense reductions, including layoffs, hiring and salary freezes and other efficiencies, starting in 2008. Hiring was frozen that year, and there will be no County pay raises this year or for the foreseeable future. The cost of health and retirement benefits have been increasingly shifted to the employees. While greater reductions are possible in some areas, as this report outlines, other County departments have been cut as much as possible. We are concerned about the ability of some departments, such as those in the Internal Services area, to function effectively, given the reductions that have already been made. And we think reductions in some vital areas, such as public safety (including Fire and EMS) is unwise.

Finally, we have spent a considerable amount of time understanding County finances. Mostly this was so we could make informed and effective recommendations, but it also was to answer a question many Gwinnett citizens have asked: How could a County government that had gradually reduced its millage rate for so many years suddenly have to raise its millage rate in late 2009? And why did it have to do so in the midst of a major economic recession?

The answer, we found, was two-fold: First, the recession had a major impact, as property values decreased in 2008 and 2009 (and may decline even more in 2010). But second, and more importantly, the County was approaching the point where economic and population growth alone could not sustain a growing set of services and steady reductions in the County millage rate. The recession may have hastened the point at which the tax digest's growth and the demand for services crossed, but it has been apparent to County officials for years that this day was coming.

Because of this, as we look forward, we see the need for two things: continued aggressive efforts to build the County's tax digest through economic development (since businesses pay more in taxes than they consume in services), and a local-option sales tax to support County operations. It's important to note that a sales tax would not solve the County's revenue problems, since it must be used to roll back property taxes on a dollar for dollar basis, but it would bring tax relief to property owners and spread the burden of paying for government services more broadly.



## ABOUT ENGAGE GWINNETT

Engage Gwinnett, the citizen's committee for the future of Gwinnett, was created in July 2009 under the sponsorship of the Gwinnett County Board of Commissioners and the Gwinnett Chamber of Commerce and began its work in October 2009. Its co-chairs, Bill McCargo and Mike Levengood, were appointed by Commission Chairman Charles Bannister and Chamber President Jim Maran, respectively, and four other members were selected by district commissioners. The remaining 36 members of Engage Gwinnett were selected from community stakeholder groups or from citizens attending a September 2009 public meeting.

Engage Gwinnett's mission was to spend six months examining the community's needs for current and future government services, recommend services that should be continued and those that the county government should no longer provide or support and suggest appropriate service levels for those that were deemed essential. It was also asked to recommend funding strategies for paying for essential services for the next five years.

From October 2009 to the end of March 2010, Engage Gwinnett held 13 formal work sessions, each lasting three and a half hours. It also held six public outreach sessions to engage citizens in its work. One was in September 2009 before the committee met for the first time. (Ten of Engage Gwinnett's 42 members were selected by citizens at this meeting.) Four more public sessions were held in February 2010, during which the committee reported on its tentative findings and recommendations and citizens offered their own ideas. Finally, when this report was in draft form in April 2010, Engage Gwinnett held a final public session, at which citizens could again offer their suggestions.

Every work session and public meeting was open to the public, and each meeting's presentations and deliberations were captured in written and video reports. Every presentation made to Engage Gwinnett was also recorded. All of these reports are available on the [engagegwinnett.com](http://engagegwinnett.com) web site, and notice of the meetings and reports were posted on Facebook and Twitter. As a result, Engage Gwinnett is one of the most extensively documented decision-making process ever held by a locality.

### Members of Engage Gwinnett

These are the 42 members of Engage Gwinnett and the individuals or groups that selected them for membership:

Bill McCargo	Commission Chairman Charles Bannister
Mike Levengood	Gwinnett Chamber of Commerce President Jim Maran
Kelly Kelkenberg	Commissioner Shirley Lasseter
Kevin Kovalchik	Commissioner Bert Nasuti
Bob Griggs	Commissioner Mike Beaudreau
Jeff Mahaffey	Commissioner Kevin Kenerly
Paula Hastings	Homeowners' Associations
Lan Nguyen	Citizens for Responsible Government
Julianne Thompson	Freedom Works

Carol Hassell	Environmental Community
Demetrius Jordan	Not-For-Profit Community
Herman Pennamon	Unity Gwinnett
Cookie Lee	Asian Community
Jose Perez	Hispanic/Latino Community
Norwood Davis	Faith Community
Asif Jessani	Young Professionals
Bill Atkinson	Seniors
Scott LeCraw	Rotary Clubs
Randy Meacham	Gwinnett Municipal Association
Rick Cost	Gwinnett County Board of Education
Julie Post	Post-Secondary Education Institutions
Chuck Warbington	Community Improvement Districts
David McClesky	Gwinnett Medical Center
Mark Tibbetts	Partnership Gwinnett
Michael Sullivan	Council for Quality Growth
Charles Swain	Gwinnett's State Legislative Delegation
Jim Pack	Gwinnett's Constitutional Officers
George Hutchinson	Gwinnett's Courts
Charlotte Nash	Gwinnett's District Attorney and Solicitor
Erik Richards	Athletic Associations
Dave McMullen	Small-Business Community
Renee Byrd-Lewis	Major Employers
Millicent Crawford (Duluth)	Publicly selected citizen representative
Dick Goodman (Suwanee)	Publicly selected citizen representative
Dan King (Duluth)	Publicly selected citizen representative
Althea Lawton-Thompson (Lilburn)	Publicly selected citizen representative
Laurie McClain (Suwanee)	Publicly selected citizen representative
Jack Mason (Buford)	Publicly selected citizen representative
Keith Roche (Lawrenceville)	Publicly selected citizen representative
Keith Shewbert (Norcross)	Publicly selected citizen representative
Kip Stokes (Auburn)	Publicly selected citizen representative
Glen Williams (Snellville)	Publicly selected citizen representative

### Engage Gwinnett's process

Engage Gwinnett began its work in October 2009 in three plenary sessions, in which all 42 members met to hear important presentations about Gwinnett County's economy, its government operations and finances, the county's Unified Plan (which includes a vision of how the county might develop), and the localities elsewhere in the country that are most like Gwinnett County. In these sessions, they also decided how they would like to organize and manage their learning process.

From the fourth meeting on, Engage Gwinnett met mostly in four Work Groups. The groups were:

- Community Services, which examined library services, parks and recreation and health and human services.
- Development and Infrastructure, which examined planning and development and transportation services.
- Law Enforcement and Judiciary, which examined police and sheriff services, the courts and correctional services.
- Fire and Emergency Services, which examined fire department and EMS services and, later on, internal services such as human resources and finance services.

The Work Groups began their work with presentations by county agency officials who explained how their departments worked, how they measured effectiveness, how their services were financed, and how they had adapted to increasingly tight budgets in recent years. In some cases, officials made numerous presentations or reports to the Work Groups, as members asked questions or requested research.

By the Dec. 17 meeting, some of the Work Groups had begun drafting tentative recommendations, accompanied by a set of observations and considerations. In the next four meetings, the recommendations, observations and considerations grew in number and became more detailed. Along the way, Engage Gwinnett received additional presentations that were presented in plenary sessions, with all 42 members present. Among these presentations were ones about the December 2009 change to the county's millage rate; about Partnership Gwinnett, which is the county's and the Gwinnett Chamber of Commerce's public private economic development initiative; and about Gwinnett County's revenue options. That last presentation, on Feb. 17, included a forecast by Steve Pruitt, director of the Gwinnett County Tax Assessor's Department, that the county's tax digest, which is the total value of taxable property, could decline this year by as much as 9 percent.

Given this information, Engage Gwinnett's leaders asked the Work Groups to submit two sets of recommendations:

- Recommendations for the "status quo": Basically, these were recommendations on the services to maintain and the levels of these services *if the county's financial situation did not grow substantially worse than projected.*
- Recommendations for a "declining-digest scenario": These are recommendations of how to dramatically reduce and reconfigure services *if the tax digest shrank by 10 percent or more over the next several years.* This was slightly more than the tax assessor had said he could envision for 2010 alone, so it seemed like a realistic if painful possibility.

In the March 17 meeting, members were asked to think about how to finance services in the declining-digest scenario. That is, if enough efficiencies could not be found, services eliminated or service levels reduced to make up for a 10 percent decline in the tax digest, which revenue sources should be increased – and by how much?

At the final work session on March 31, members listened to the recommendations from the Work Groups, asked questions and offered suggestions to each group, and discussed how to pay for necessary services in the future. When the report was in draft form in April, members reviewed and critiqued the draft and voted to take it to a public session for citizen comment. After the citizen comments were considered and changes made in the draft, Engage Gwinnett held a second approval meeting to vote again on a final version to bring to the Board of Commissioners.

## Engage Gwinnett by the numbers

**42** members, 36 of whom were selected by stakeholder groups or by citizens at a public meeting. There were also 37 alternates who were available to serve if a member could not.

**2,058** hours of work by the members in 13 work sessions from October 2009 to March 2010

**6** public outreach meetings held

**220** citizens participated in Engage Gwinnett public meetings in September 2009 and February 2010

**430** fans of Engage Gwinnett on Facebook

**23** business sponsors of Engage Gwinnett

**23** volunteer facilitators at Engage Gwinnett meetings and public outreach sessions

**28** major presentations by county officials or others, 10 in plenary sessions and 18 in Work Groups

**150** presentations, documents or written answers to questions submitted to Engage Gwinnett and its Work Groups

## GWINNETT COUNTY'S FINANCIAL SITUATION

Until early 2009, most citizens would have been surprised to learn Gwinnett County government was facing financial difficulties. After all, Gwinnett County had a triple AAA bond rating (the best rating available from all three rating agencies, meaning its credit was considered stellar) and had not raised County property taxes in recent history. In fact, it had gradually *decreased* its millage rate over the past 12 years by 3.98 mills, or 26 percent.

But citizens gradually learned that there were major problems facing the County government. The first sign came in November 2008, when the Board of Commissioners discussed the County's growing financial difficulties at the Commissioners' annual retreat. Their response was to pass an interim – as opposed to final – budget in January 2009, promising to complete their work in March. Why the delay? Because of uncertainty over state cutbacks and concern about the decline of County property values, as officials explained at the time.

But even before then, the County had been quietly cutting back as the recession took hold. In 2008, the County eliminated 93 positions in the Water Resources and Planning and Development departments. It formed internal teams to look for greater efficiencies, with the aim of cutting expenses by \$35 million. (Eventually about 100 cost-saving ideas were adopted for the 2009 budget, with savings estimated at \$40 million.) In January 2009, as it passed the interim budget, the Board of Commissioners increased employee contributions to the health care plan by about 31 percent and said it would trim another 23 positions from the County payroll. It eliminated funding for some popular community programs, like the Gwinnett Glows July 4 celebration, and reduced subsidies for human services programs like the Children's Shelter, the Board of Health, and the Department of Family and Children Services.

Even so, Commissioners were reluctant to give up on plans to increase police presence and reduce the backlog in criminal courts and to reduce the time it took for fire and emergency personnel to respond to 911 calls. So in March 2009, when the Board of Commissioners took up the budget again, it passed a budget calling for a property tax increase of between 2.87 and 3.31 mills, depending on where you lived in the County. The increase would fund these additional public safety positions and support other services at a time when revenues from the property tax were declining.

The rest of the story is familiar: There was an uproar over the tax increase. Citizens crowded public meetings on the proposed increase, overwhelmingly in opposition, and in early June the Board of Commissioners voted not to increase taxes but, instead, to cut the County's budget and its service levels.

Unlike the reductions of 2008, these were highly visible cuts in County services. Instead of increasing police, fire and EMS personnel, the Commissioners voted to reduce them, starting with taking the number of sworn police officers from 740 to 687. Popular public safety programs like the quality of life unit and park patrols were eliminated. Three fire stations that were supposed to be opened were left vacant indefinitely. Budgets for the courts were cut, with the understanding that it might add to the backlog of cases. The library and transit systems were scheduled for major service reductions, as were investments in infrastructure services such as road improvements and traffic-signal modernization.

As the cuts became known, the Board of Commissioners began to hear from citizens who were more upset about the service reductions than a possible tax increase. In October 2009, the Commission began considering a millage increase again. This time, the public hearings were more evenly divided between those concerned about a tax increase and those concerned about service reductions. In December, the Board of Commissioners voted 4-1 to increase the property tax millage by 2.28 mills, a more modest increase than had been considered nine months earlier.

How did Gwinnett's financial situation develop? How did it go from reducing property taxes to increasing them? A big part was the recession, which precipitously reversed property values that had been growing. And since the property tax is levied against the value of homes and commercial property, when the tax digest declined (the tax digest is the taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions), property tax revenues were going to decline.

But that wasn't the whole story. Over the years, Gwinnett County had done what seemed impossible – reducing millage rates while increasing spending on services like police, parks and libraries and maintaining a top-level credit rating – because of its growth. That is, as long as more and more people and businesses moved to Gwinnett County, the County could pay for more and better services at less cost to existing residents. It could have low taxes and nice parks. It could have an acclaimed library system while the Board of Commissioners gradually reduced the County's portion of the property tax. In other words, not only could Gwinnett County have its cake and eat it too, it could have an *increasingly larger and better cake* (more parks, more libraries, better police protection) because growth provided new slices.

But since 2000, County officials had seen forecasts that the days of rapid growth – of larger and better cake – would one day end. They could also see, as the County became more densely populated and urban in its development patterns and demographics and its tax digest became more heavily weighted with residential than commercial properties, that the cost of services like police patrols, transportation, senior services and health care for the indigent would rise faster than before.

In a press release in May 2009, former County Administrator Jock Connell spelled out the dilemma: “We are undergoing a natural and unavoidable transition from high growth to maturity, and that change holds implications both for the services we provide and the way we pay for them. We have been projecting for several years that 2009 would be the year when service demands would exceed revenues produced by natural growth in our tax digest. I should add that the current economic situation compounds our challenges, but it is not the primary cause.”

This was the financial situation that caused the Board of Commissioners and the Gwinnett Chamber of Commerce to agree to sponsor a “community engagement initiative” to examine the County's need for services and propose ways of paying for the services that were most critical to Gwinnett's future. The initiative became known as Engage Gwinnett.

## UNDERSTANDING COUNTY FINANCES

To make its recommendations, the 42 members of Engage Gwinnett first had to understand how County services are financed – where the money comes from and how it is budgeted. In their first two sessions, Engage Gwinnett members were briefed about overall County finances and briefed again later in the process. In their Work Groups, members learned about how money is spent in specific departments.

Here are some of the things Engage Gwinnett members learned about overall County finances.

**The general fund and other County revenues:** A great deal of money flows through County government that isn't what most people think of as taxes. For instance, the county's Water Resources Department, which runs the water and sewer systems with an annual budget of \$246 million, is almost entirely financed from user fees. In this case, these are the charges on your water bill. The County also administers grants that pass through to specific departments, such as state money for roads, that don't come from Gwinnett County taxpayers.

It's the County's general fund that pays for most of the things we think of as County services, such as police and fire services, the courts and libraries. Gwinnett County's general fund is \$511 million, only \$81 million of which (almost 16 percent) comes from user fees, permits, licenses and fees for services. The rest comes from taxes.

In addition to the general fund, there is a special \$42 million fund called the recreation operating fund, which is financed by a property tax enacted by voters in 1986 plus some user fees. By law, the recreation property tax can be no greater than 1 mill and must be used only for managing and maintaining Gwinnett's public parks and recreation facilities.

In their work, Engage Gwinnett members focused on the general fund and its uses. The Community Services Work Group also looked at the recreation operating fund.

**What the general fund pays for:** The greatest amount of the general fund is used for public safety (police, fire, emergency services and so on) and the criminal justice system (courts, jail, etc.). In 2009, these expenses comprised 65.8 percent, or nearly two-thirds, of the general fund. The remaining third went to other government services, such as public works, community services (libraries, health and human services), general government (information technology, human resources, legal costs and other services needed for running the government), and so on. (As we mentioned above, parks and recreation are paid for with a special fund that isn't part of the general fund.)

The share of the County's budget going to public safety and criminal justice services is growing. In 1990, these services made up 54 percent of the County's general fund expenditures or a little more than half. Today, as we mentioned, they comprise nearly two-thirds. Public works, community services and general government have all shrunk as a percent of the general fund. (Note: In 1990, fire services were funded by a separate millage levy, which has since been discontinued; we combined 1990's general fund and fire fund to make the comparison.)

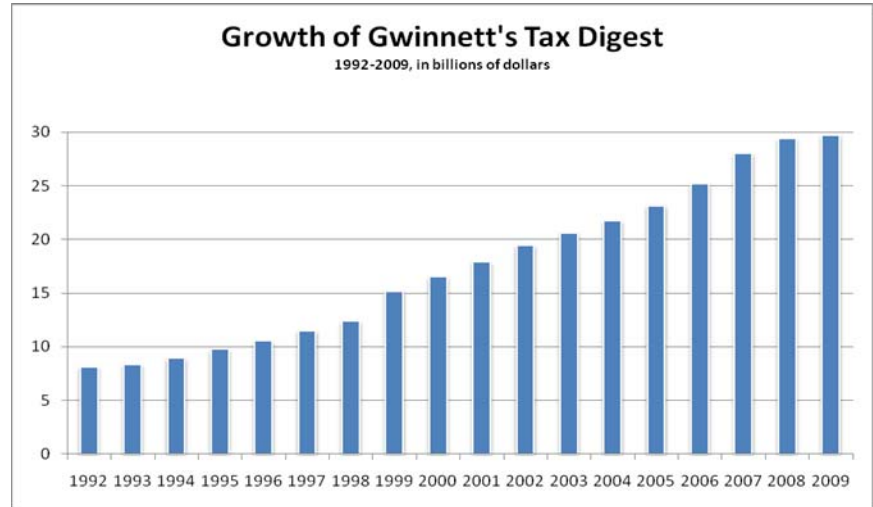
Another way to get a sense of what the general fund pays for is to look at the number of employees in these areas. Employees in public safety and the criminal justice system make up 3,024 of the County's 3,805 general fund employees. That's nearly 80 percent of County employees who are paid with general fund revenues.

**Where the general fund comes from:** The general fund is financed mostly by taxes (slightly more than 84 percent). The rest comes from user fees, such as businesses licenses, court filing fees and so on. Some of the taxes are small and very narrowly focused such as taxes on mixed drinks and beer, an insurance premium tax and a financial institutions tax, but the largest tax source by far is the property tax on real estate, motor vehicles, personal property, and public utilities, and which makes up about 90 percent of the taxes that go to the general fund.

Most other counties in Georgia finance at least part of their general fund from sales taxes. While Gwinnett has often had (with voter approval) a special local-option sales tax (or SPLOST) for specific projects like road construction, parks, libraries and so on, it has never had a sales tax for government operations. Put another way, Gwinnett County has used special sales taxes to build things like libraries, fire stations and police buildings, but never to run them once they are completed.

**Gwinnett's millage rate and how it has changed:** From 1994 to 2009, the millage rate for Gwinnett County declined gradually by 3.98 mills or 27 percent. (One mill is \$1 of tax on every \$1,000 of taxable value.) In December 2009, the Board of Commissioners increased the millage rate by 2.28 mills to 13.25 mills, which is less than the rate in 1997.

As we explained in an earlier section (see page 13), the Board of Commissioners was able to lower the millage rate over the years while providing more services because of the County's fast growth rate and constantly increasing tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions) yielded the required revenue to support operations. It was also aided by SPLOST levies that reduced the amount the County appropriated from the general fund on high-cost construction projects. Growth was a major factor in County finances. In 1999, the tax digest grew by 22 percent, an amazing growth rate for a county as large and well developed as Gwinnett. As late as 2007, it grew by 11 percent.



For years, however, County officials have predicted that the days when growth could pay for more and better services while decreasing the average taxpayer's millage rate were coming to a end. The recession that took hold in 2008 only accelerated the inevitable, officials say. The best way to see it is to look at the growth in the tax base. From 1992 to 1999, the tax base grew by an average of 11 percent a year, including recession years like 1993. From 2000 the tax base has grown by just 7 percent a year, and in 2009 it grew by less than 1.3 percent. This year, County officials predict the tax base will shrink.



**County taxes and the entire property tax bill:** The County government is not the only government that uses property taxes to finance its services. In fact, it's not the main one. In 2008, Gwinnett County schools received the majority of property tax receipts, about 60 percent. The County was second with about 35 percent, followed by the state of Georgia (about 3 percent).

## Understanding Gwinnett's Value Offset Exemption

In 2001, a Value Offset Exemption (VOE) was enacted for Gwinnett County government as a result of legislative action and public referendum in 2000. The VOE is sometimes referred to as a "floating homestead exemption." The Gwinnett VOE is intended to minimize the effect of property valuation increases on County taxes for homeowners who apply and qualify for it. In effect, property taxes paid by qualified homeowners do not increase on the County operations portion of their property taxes during the period they occupy their homes unless the Board of Commissioners enacts a millage rate increase. Taxes remain constant even as the appraised value of the home rises because the homestead exemption increases to offset the increased value. Hence, the floating homestead exemption.

Keep in mind that the VOE applies only to the portion of property taxes related to County taxes. It does not apply to the taxes for the Gwinnett County School System, the state of Georgia or Gwinnett municipalities. Thus, a homeowner's total property tax bill may increase as a home's value goes up despite the VOE's restraints on the County portion. Also, businesses do not enjoy the property tax relief offered by the VOE, as it is available only for owner-occupied homes.

When a home is sold, the accumulated amount of the VOE is eliminated. The new owner must apply and qualify for the VOE in order to be eligible for its use in calculating future County property taxes. The appraised value of the house at the time of purchase, or one set in the first appraisal process after purchase, is used as the beginning point for the home's value. In addition, homeowners cannot transfer a VOE from one home to another even when both homes are located in Gwinnett County. When a homeowner moves, the amount of the VOE homestead exemption is reset at zero for the second house.

From its implementation in 2001 through 2008, the VOE has lowered the County portion of property taxes billed for County homeowners by more than \$148.3 million. On the one hand, this has benefitted Gwinnett's homeowners. On the other, it has reduced the revenues available for County operations. In 2008, the revenue loss to County government totaled more than \$29.1 million, or the equivalent of nearly 1 mill of property tax.

It's important to note that the VOE has an interesting effect when there are *decreases* in the appraised value of a home that is covered by a VOE. The homestead exemption amount related to the VOE decreases as the appraised value of the home decreases, thereby maintaining the same taxable value to which the millage rate is applied. Only when the decrease in the appraised value exceeds the accumulated amount of the VOE does the taxable value of the home decline. Thus, the value of a house could decrease considerably without the County's portion of the owner's tax bill actually decreasing, depending upon the amount of the VOE associated with the home. (Note: This explanation does not include the effects of millage rate changes, since changes to millage rates would affect the amount of County taxes owed.)

## MAJOR RECOMMENDATIONS

Engage Gwinnett worked in four Work Groups to make its recommendations: Community Services, Development and Infrastructure, Fire and Emergency Services, and Law Enforcement and Justice System. (The Fire and EMS Work Group was given an additional task, to look at a set of departments such as information technology and human resources that provide internal services.)

In recognition of the County's rapidly changing financial situation, the Work Groups have delivered two sets of recommendations. The first set, called "Recommendations for the Status Quo," was based on the possibility that economic conditions would remain pretty much the same in the year ahead and over the years that follow, and drastic cuts and/or revenue increases would not be needed. These are recommendations about how the County could improve its service delivery while reducing costs – things, in other words, that the County should do simply because they make good sense.

The second set of recommendations, "Recommendations for a Declining Tax Base," are based on a more pessimistic scenario – that the County's tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions) would continue to decline in 2010 by as much as 10 percent and perhaps even more in the years to come. We must stress that this scenario is not a prediction; it is a possibility. But in advising the Board of Commissioners about which services should be preserved and which should be reduced or ended, and how to pay for essential services going forward, we thought it was important to look at a scenario in which the County's financial outlook grew substantially worse.

Of course, there is another possibility: that the tax digest could decline, but not by 10 percent. That is, the County's financial situation could fall somewhere between the status quo and the scenario we present of a declining digest. In this case, the Board of Commissioners may want to choose from among the recommendations we present here – some from the status quo recommendations, some from the recommendations for a declining digest.

As you will see, our recommendations for a declining digest involve major service reductions, especially for non-essential services such as libraries and parks and recreation. We also recommend in this scenario continuing the freeze on all County salaries and instituting salary reductions of higher-paid employees (for example, those making 150 percent of the County median salary). But even with these cutbacks and salary reductions, we do not believe the county could pay for essential services with existing revenues if the tax digest were to decline by 10 percent or more. Thus, reluctantly, we recommend some revenue increases after service reductions and salary restrictions have been made. We make these recommendations to increase revenues reluctantly, not least because Gwinnett County taxpayers saw an increase in their property tax millage in recent months, following years of a slowly declining millage rate.

We premise our recommendations on our experiences of the past six months: We have spent this time questioning County department leaders and other employees and examining the financial records and past decisions of these leaders. We are impressed by the dedication and judgment of these leaders and of all County employees we have come in contact with. We recognize how much County employees have already done to reduce costs without sacrificing essential services. Our recommendations, then, are not to advise the

Board of Commissioners on cutting costs but how to continue cutting costs in a very difficult time in our county's history.

In the sections ahead, you will see the recommendations of the Work Groups. The sections begin with an appreciation of the County staffs they've dealt with and an explanation of how the Work Groups approached their tasks. Each section has a list of "observations" and "challenges and concerns." Basically, these are things the Work Group learned along the way that help explain its recommendations. The sections end with "Recommendation for the Status Quo," and "Recommendations for a Declining Digest" for each work area.

Below are some of the major recommendations in each of these areas – all of which are also contained in the Work Group sections. There are 73 recommendations for the status quo – we present 11 of the most far-reaching – and 40 recommendations for a declining digest. We present seven of them. Finally, we end this section with a general set of recommendations for dealing with a declining digest, including revenue increases.

## Major recommendations for the status quo

*This is a selection of the 73 “Status Quo” recommendations included in the Work Group sections. We urge readers to visit the Work Group sections to understand the context of these recommendations – and the other recommendations that support these ideas.*

*The final two recommendations (numbers 10 and 11) did not come from a Work Group section but were discussed and accepted in a plenary session of all Engage Gwinnett members.*

1. Use the Board of Commissioners’ influence to urge the Library Board to adopt a flexible library system, with the target of saving 10 percent or \$1.8 million, of the County’s share of the Library’s budget. This flexible system should leverage existing “bricks and mortar” facilities, avoid the construction of new facilities and fully leverage technological advancements.
2. Recover more of the operating costs for active recreational facilities. This would involve additional user fees for active fields and facilities. Youth Athletic Associations should pay the full variable costs associated with their use of the fields (e.g., electric costs for operation of lights, field maintenance, etc.). Other groups (e.g., traveling teams, for-profits, adult athletics) should be charged market rates.
3. Privatize, sell or outsource operations of select active recreation facilities (e.g., county pools) or increase user fees so they are completely self-supporting, including future capital costs not covered by special purpose local-option sales tax (SPLOST) funds.
4. As much as possible, use SPLOST funds to renovate existing libraries and parks in ways that result in operational cost savings.
5. Maintain the Fire and EMS Department’s current practice of providing emergency medical transport services. As determined by research performed by the County and staff from Georgia Gwinnett College, eliminating ambulance crews from the department’s staffing plan would actually increase the overall cost of providing Fire and EMS services.
6. Utilize the research report prepared for the Fire and EMS Work Group to explain the potential financial impacts on homeowners and businesses of impending countywide Insurance Service Office (ISO) rating changes, as well as to compare these potential changes with budgetary increases required to maintain/improve existing ISO rating. Have this research performed annually, so that up-to-date information is available each year. Publish the annual research results in a manner that makes them easily available to the public.
7. The fees permitted by state law for such things as court filings do not come close to the actual costs of providing these services. While recovering the full costs is unlikely, and perhaps not desirable in some cases, fees should be increased to recover a larger portion of the cost of service delivery. Action by the Georgia General Assembly is required. We urge our local elected officials, including our state legislative delegation, to:
  - Increase state mandated fees to be more closely related to actual costs.
  - Add a technology surcharge to criminal fines to support technological improvements.

- Authorize privatization of fee/fine collection including the collection of fines that remain unpaid upon the expiration of a criminal sentence.
  - Recategorize some minor misdemeanor criminal offenses and reduce the potential penalty in a way that would permit those cases to be resolved without a jury trial.
8. The Law Enforcement and Justice System would benefit both in terms of reduced costs and greater efficiency from taking maximum advantage of technology. The Work Group supports implementing technological advances and innovative processes to increase productivity and transparency. This should include:
- Expediting implementation of the Criminal Justice Information System.
  - Expediting a paperless system for courts, tickets, licenses and permits, police reports.
  - Providing online access or self-service kiosk for service delivery.
  - A case management electronic court filing system.
  - Exploring a public-private partnership for self-service or paperless delivery of services.
9. Commission a study for developing the best business model for the transit system. We recommend strategies to increase ridership and revenues to get the transit system at or near a “breakeven” point (closing the gap between federal and state funding and the fares paid by riders and the subsidy paid by the County’s general fund).
10. Initiate a campaign to enlist enough volunteers to supply 1 million volunteer hours a year to assist in delivering important county services. This initiative is explained in an appendix titled “1 Million Volunteer Hours for Gwinnett.”
11. Examine the County’s service-delivery processes with the aim of creating constantly improving effectiveness. We believe the best way is by accelerating and expanding the work of the County’s Performance Analysis Office, which reports directly to the Board of Commissioners and the Commission Chairman. We urge the Commissioners to continue the independence of this office.

## Major recommendations for a declining tax digest

Each Work Group was assigned the task of determining how to balance the budgets for their service areas if there are further substantial declines in the County's net tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions). This is a critical concern because the net tax digest (together with the millage rate) determines the amount of revenues that the County receives from property taxes.

The Work Groups were told to assume a scenario in which the County's tax digest value dropped by 10 percent below its present level. At the present millage rate, that would mean a loss to the general fund of about \$34 million in 2010.

This is a selection of the 40 "Declining Digest" recommendations included in the Work Group sections. We urge readers to visit the Work Group sections to understand the context of these recommendations – and the other recommendations that support these ideas.

1. Continue salary freezes across all staffing levels in all departments and continue shifting the cost of health and retirement benefits to employees.
2. Initiate graduated compensation reductions for County employees – for instance reducing X percent of those making 1.5 times the median compensation..
3. Reduce the county contribution to the Library System by \$6.5 million or approximately 33 percent from current levels. We anticipate this recommendation will require:
  - Immediate transition to a flexible library system that innovatively leverages existing "bricks and mortar" facilities without adding new facilities.
  - The closure of four library branches across the system. We recommend these closures should be equitably spread across the county geographically. We suggest closing one library in each of the four commission districts.
  - Closed libraries should be either:
    - Converted into meeting space to generate rental revenue.
    - Sold or leased.
    - Used for other governmental purposes where needed.
  - Significant increases in user fees for past due books, inter-library exchanges, and room cleaning fees.
4. Reduce the Parks and Recreation Department's recreation fund millage rate from 1.0 mills to 0.8 mills. This is based on our belief that an increase may be needed in the general fund property tax, and this 0.2 mill decrease would make the increase less burdensome. We estimate 0.2 mill reduction would result in a 19 percent reduction, or \$7.9 million, from the current Parks and Recreation budget. This includes the \$2.9 million from the reduced value in the digest and an estimated \$5 million from the millage rate reduction. We anticipate this recommendation would require:
  - The indefinite deferral of the construction of new parks or the expansion of existing parks.
  - The closure of county swimming facilities or increasing fees to ensure they cover all operating costs. If facilities are closed, they should be sold where allowable by law.

- An aggressive campaign to initiate sponsorships to parks, trails, etc. at county facilities. We note that recently the state initiated such a campaign for Georgia parks and we believe that this may also be successful at county facilities. We note the success the county has already seen in this regard at the Environmental & Heritage Center and Coolray Stadium.
  - The closure of parks. When necessary, we recommend these closures be equitably distributed among commission districts.
  - Significant increases in exchange revenue in areas or programs where fees are charged.
  - A significant and sustained effort to engage volunteer groups for park maintenance and improvements.
5. In the Fire and Emergency Services Department, suggested reductions would depend on when the need for cuts was known, since there are two new fire stations that have been built but not yet occupied and a third station that is being relocated. (These stations were built with special purpose local-option, or SPLOST, funds, not money from the general fund.)
- *Option A* should be considered if the further loss of tax revenues is identified prior to the opening of the three stations currently completed but not yet occupied: re-located station #18, new station #29 and new station #30. With the idea that postponing the hiring of additional staff is preferable to having to lay off employees, our Work Group suggested that costs that cannot be sustained over the long run should not be incurred. Thus, the opening of some combination of the three stations yet to be occupied should be delayed.
  - *Option B* would be employed in the event the decline in the tax digest occurs after the three completed but unoccupied stations have already been opened. While we believe that salary reductions and layoffs should be considered only in the direst of circumstances, we understand that it is the only feasible approach if the stations are already opened. With such a large portion of the budget for Fire and EMS, 90 percent or more, dedicated to personnel costs, there is no way to cut the department's budget by \$4.7 million without reducing personnel costs.
    - Accordingly *Option B* is based on instituting some combination of salary reduction and cutting existing personnel, including eliminating and/or taking out of service selected fire apparatus.
6. If funding for Law Enforcement and the Justice System must be reduced, and if reductions are made on a percentage basis, the percentage goal in this area should be set at the least proportionate reduction possible. We should acknowledge that more limited cuts in this area might result in the need for greater percentage cuts in other less "core" service areas which is the intention of the recommendation. Within each official's or department's budget and area of responsibility, the reductions should be prioritized by that official or department manager, that person being most familiar with the operations of the department and with a view towards impacting core services as little as possible.
7. Internal Services, such as Human Resources, Finance, Information Technology and so on, have borne major reductions of personnel in the past two years, to the point that the Work Group was concerned it was hindering vital government services. If major additional reductions are needed, the Work Group suggests that the County establish minimum levels that must be maintained for certain services, without which fundamental operations cannot continue. For example, the County must produce payroll



checks and meet payroll reporting requirements set by the federal and state governments. Here are some other things that should be done:

- Involve the other departments, which are the customers of the Internal Services areas, in determining internal services that can be eliminated or reduced. This may involve a poll or roundtable discussions to identify the services that each County department is willing to give up.
- Analyze fully any proposed changes for the potential risk associated with the change, as well as the possibility of unintended consequences that may negate or offset the savings projected to be generated by the change.
- Work through this process and develop the plan for reductions in advance so that implementation is not delayed should reductions be necessary.

## Major revenue recommendations for a declining digest

If the county's tax digest were to decline by 10 percent or more, we acknowledge that the service cuts and salary reductions outlined above would not be enough to cover the entire budget gap. Thus, reluctantly, we recommend some revenue increases after the steps listed above, including the 0.2 mill reduction in the recreation fund.

In the next two or three years, the county has only limited options for increasing revenue. They include:

- Increasing fees for services, many of which are outlined in this report.
- Using all or a portion of a \$51 million one-time revenue increase that the County will receive from the December 2009 tax increase.
- Increasing the property tax beyond 13.25 mills, which is the current general fund millage rate.

Beyond the next several years, the County could institute a local-option sales tax to pay for operating expenses. This would raise the sales tax by 1 percent on a permanent basis, but it would also roll back the County's share of the property tax on a dollar for dollar basis. While this would not solve the County's revenue problems, it would bring tax relief to property owners and spread the burden of paying for government services more broadly.

Our revenue recommendation *in the event of a major decline in the tax digest* is to do all of these things. Specifically:

1. Aggressively raise fees for services, as outlined in this report, with the aim of charging the consumers of services the true cost of those services, wherever possible and reasonable.
2. Use one-half of the \$51 million one-time revenue increase for funding the 2010 budget, if needed, with the other one-half held in reserve as an emergency fund for future years.
3. As a last resort, increase the property tax beyond 13.25 mills.
4. Seek a referendum in 2010 for a local-option sales tax that can be used to roll back property taxes on a dollar for dollar basis, with the understanding that this is not a solution for the County's revenue problems, but a way of spreading the burden of paying for County government services more broadly.

## WORK GROUP REPORTS

To accomplish its mission of examining major County services and making recommendations on them, Engage Gwinnett members divided into Work Groups, with the following general service areas:

Community Services	Health and Human Services Parks and Recreation Library System
Development and Infrastructure	Planning and Development Transportation Water Resources
Fire and Emergency Services	Fire Department and EMS
Internal Services *	Financial Services Department Information Technology Department Human Resources Department Support Services Department
Law Enforcement and Infrastructure	Police Department Corrections Department Sheriff's Office Gwinnett County Courts

\* After the Work Groups were organized, the Fire and Emergency Services Work Group was given an additional area to examine, Internal Services.

The following five sections contains the reports of these Work Groups. You'll find:

- **Observations:** Important information about these departments or their services that the Work Groups learned along the way.
- **Challenges and considerations:** Things that the Board of Commissioners and County administration leaders should keep in mind as they make changes in these departments or services.
- **Recommendations for the status quo:** Recommendations that were based on the possibility that economic conditions would remain pretty much the same in the year ahead and over the years that follow, and drastic cuts and/or revenue increases would not be needed. These are recommendations about how the County could improve its service delivery while reducing costs – things, in other words, that the County should do simply because they make good sense.
- **Recommendations for a declining tax digest:** Recommendations that were based on the possibility that the tax digest might decline in 2010 by as much as 10 percent and perhaps even more in the years to come. We must stress that this scenario is not a prediction; it is a possibility.

The Work Group reports also include an appreciation of the staffs that assisted in their work and a description of how the Work Groups approached their examination and discussion of these service areas.

## COMMUNITY SERVICES

**Appreciation to Community Services and Library Staff:** We are deeply grateful for the time dedicated by the Community Services and Library staff to the Engage Gwinnett process. Without their assistance and responsiveness to our numerous inquiries, our work would have been impossible. In particular, we appreciate the contributions of Phil Hoskins, Tina Fleming, Nancy Stanbery-Kellam, and Liz Forster. We recognize their attendance at our meetings and their responses to our many questions required significant hours above and beyond their regular duties.

**Our Work Group's approach to examining these service areas:** We began our work with an overview of Gwinnett County's Community Services Department which includes: the Gwinnett Environmental & Heritage Center, Elections, Extension Service, Health and Human Services, and Parks and Recreation. These areas fall under the leadership structure of the Board of Commissioners. Based on the information we received, we recognized quickly that there are areas where our work group could have little impact. They included:

1. Elections – The Community Services department manages the elections process for all elections within the county: national, state and local. This area is modestly staffed and the budget ebbs and flows according to the election cycles. Given that this area is essential to the continued functioning of our democracy and is not subject to discretionary decisions regarding the level of desired service, we determined not to spend any of our time investigating this area.
2. Extension Service – Our Work Group noted very early that this was a relatively small portion of the Community Services budget. In addition, we noted that the division staff has highly leveraged the county budget through a network of public-private partnerships that multiply every county tax dollar invested in these endeavors. We commend the division staff in this regard and encourage their continued parsimonious efforts.

Following these two determinations and recognition of the relative budgets, we decided to focus our efforts for Community Services on Parks and Recreation, and Health and Human Services. It is important to note that the Parks and Recreation operations are funded by the recreation fund property tax that stands outside of the general fund. This Recreation Fund was passed by voter referendum and is capped at 1.0 mill. Historically, it has been as low as 0.79 mill and currently stands at the authorized maximum of 1.0 mill.

With regard to Health and Human Services, we note that the county staff in this division primarily administers grants, contributions to other organizations, and service centers that house community organizations. The division partners with the community to provide senior citizens, families and individuals with opportunities to participate in quality services to improve their health and well-being. Most of the budget for HHS is comprised of grants to Gwinnett government and non-profit social service agencies, e.g., Gwinnett Hospital System.

Finally, the Library was also included in our review. It must be noted that the Library is governed by its own board of directors. These directors are appointed by the county commissioners. The Board of Commissioners establishes the annual county contribution to the Library budget, but does not control its appropriation within the Library system.

## Observations

### Health and Human Services

- HHS provides a vital safety net for those most at risk and vulnerable in the county. This division's services, and those of the agencies it subsidizes, provide important information, education and awareness on a broad array of issues. From the public health services on the awareness and prevention of seasonal and pandemic influenzas to senior services that advise and ensure proper nutrition for the elderly, these services are an important safety net for the most vulnerable among us.
- HHS staff use a variety of research and data sources to prioritize and focus on a variety of needs in the county. Decennial census, needs studies, and community surveys are common tools employed by the HHS staff to understand and assess needs within the community. Rapid demographic changes over the past 10 years are driving significant changes in health and human services needs in the county.
- For example, we learned that Gwinnett County has a rapidly aging population. Given that senior services funding from state and federal sources is based on the decennial census, fast-moving demographic shifts create situations where needs far outstrip funding. Gwinnett County is currently in that situation. Most of the services provided for seniors focus on the 80 and older population. There are few services for the 60 to 80 age range. The Work Group is concerned that the current funding level for senior services is inadequate to meet the current or anticipated growth in need over the next 10 years. We anticipate there will be significant tensions for policy makers and service providers as a rapidly aging population needs and expects increased service levels while funding for those service levels is insufficient to meet the demand. Further, we note that this tension will extend beyond HHS and require county government across all departments and service areas to consider how it will better serve an aging population.
- In addition, we appreciate the contribution of Ellen Gerstein, executive director of the Gwinnett Coalition for Health & Human Services. The Coalition is a community non-profit organization that coordinates the community services work of hundreds of non-profit, government and faith-based organizations. As one of its services, the Coalition monitors a variety of health and well-being indicators across the county. We observe that many of these indicators are declining, in particular as they relate to the health and well-being of children. We are concerned that these trends need coordinated attention to reverse, yet there appears to be inadequate funding directed toward their arrest.
- We recognize that hundreds of community non-profit organizations and faith-based organizations deliver services to improve health and community well-being throughout the county. We also understand the important role of leadership and coordination that agencies such as United Way serve in these endeavors.

### Library

- The Public Library serves a broad spectrum of the population. It serves as a principal source of reading and research support for the public, private and home-school educational systems. In

addition, it serves as a vital resource for those without access to the Internet or other job-search resources. It also serves as a community meeting space for many organizations. And, it also serves as a place for recreational readers and lifelong learners. We are also proud that the Gwinnett County Library was designated as Library of the Year in 2000 by Library Journal.

- The Library has received relatively stable funding from the County over the last three years. While the new Hamilton Mill library that opens in the spring of 2010 adds new operational costs to the system, the Library has not realized significant cuts or increases to its county funding over the last several years. We do recognize that its receipt of state funding has declined and is expected to continue to decline over the next couple of years.
- We also acknowledge the significant public and political turbulence that buffeted the library staff in 2009. We believe the staff made sincere attempts to re-engineer its delivery of library services in ways that were more efficient and more effective than current models. In particular, we believe the regional model was rejected before it had an opportunity to be properly considered. While we were not able to assess the staff's regional proposal in our Work Group process, we did believe that a flexible model – such as the one that was proposed – holds promise to lower costs while delivering high quality library access to all citizens. Such a model would allow for more flexible utilization of library assets, possibly with different branches providing different services on different days and with different hours of operation.
- Further, it is our observation that while the library system is well administrated, its staffing model appears very rigid. As we understood the staffing model, it appeared there may be more flexibility and innovation possible in the types and quantity of personnel that staff a library – flexibility that may yield lower staff costs. In addition, we believe an aggressive and focused recruitment and use of volunteers holds the potential to increase volunteer hours by five to ten times the current levels. Such a level of volunteer capacity would yield significant cost savings in the operation of the library system.

### **Parks and Recreation**

- We commend the Parks and Recreation staff and administration for developing and administering what truly is a nationally recognized park system. Our parks and recreation system is a crown jewel for Gwinnett.
- Since the Parks and Recreation Department's funding is tied directly to the property tax digest, it is highly sensitive to any changes in the value of property. It is also relatively immune from policy decisions with respect to the allocation of general fund revenue among various county departments. Given these dynamics, the staff has anticipated the changes in the property tax digest and the impacts on the Parks and Recreation. The staff has already reduced recreational programs, services and special events, eliminated 18 full-time positions and reduced facilities' operating hours. In addition, the staff has deferred additional capital projects. The staff is also exploring innovative use of SPLOST capital dollars to reduce operating expenses.
- We also observe that our Parks and Recreation system is supported by a broad coalition of volunteer and community organizations such as the Gwinnett Parks Foundation and Youth Athletic Associations. In particular, essentially all of the recreational programs are administered and delivered through

hundreds of volunteers and parent involvement. These programs play a vital role in the health and well-being of youth and could not be delivered without the significant volunteer engagement we enjoy in the county.

## Challenges and considerations

### Health and Human Services

- The level of funding for HHS is insufficient to meet the current service demands within the county. This is particularly true for senior services. Significant service gaps exist for this population.
- Adverse economic conditions tend to drive increase service demands for health and human services. Unemployed workers and their families, who may have once paid for services through non-governmental service providers, tend to fall into the government safety nets during difficult economic times. We note this is of particular importance given the significant tenures of unemployment now experienced by so many.
- Any meaningful cost reductions in this area would impact subsidies and grants to institutions such as public health, the hospital and a variety of non-profit agencies. While there may be short-term financial benefits, there is a risk of greater costs in the long term.
- Demographic changes have profound implications for the demand of HHS services. The level and delivery mechanisms of these services must continually evolve to meet the changing needs.
- The process the county employs to make subsidy decisions to non-profit organizations appears to be broken and based primarily upon a continuation of legacy decisions. We do not see a robust decision-making process that appropriately considers current and anticipated future needs for the allocation of these subsidies.
- There needs to be a robust plan for the implications of the aging of the population. The implications of a rising segment of the population that is 60 and older are profound both on the revenue and the expense side of government. We see this as a significant challenge for the county in the next 10 years and do not see appropriate consideration of these implications in the existing budgets.
- The state funding levels for public health are, by statute, based on county populations in 1970, when Gwinnett County had 72,349 residents. (The current estimate is 789,499, more than 10 times greater than its 1970 population.) Given our size and growth, this creates a significant challenge. We encourage the Board of Commissioners and the county legislative delegation to continue their advocacy for statutory change so state funding is based on current populations.

### Library

- As noted in the observations, the turmoil of 2009 with regard to Library funding and operations created a difficult climate for thoughtful consideration of reasonable alternatives. We anticipate this will continue to be a challenge. It is time to redefine “core” services and adjust library operations and resources to deliver them in the most efficient way possible. It should be noted that standard measures

of utilization and value, are not always appropriate determinants of the library's operational efficiencies or use. High foot traffic counts do not necessarily represent high utilization of "core" library services.

- We recognize that any further reduction in the property tax digest will require significant changes to the way the Library delivers services to its patrons. With imagination and a willingness to examine alternative delivery modes and more flexible staffing, we believe the Library can continue to serve its constituents without materially degrading the quality of services it delivers. Budget cuts do not necessarily have to translate in reduced or diminished services. .
- Technological changes (e.g., e-book readers, and the rapid migration to "free" digital content) has a high likelihood if not certainty of revolutionizing the business model for library services across the nation. We point to the significant business model disruptions in the music and video markets as an illustration of what may be ahead for books and periodicals. We note the significant decline of advertising revenue for newspapers as another indicator that the broad category of information services is in a period of significant disruption. Finally, we note that change holds both great promise and great peril for the administration of any library system.
- Significant capital assets (e.g., library facilities) require significant operating funds just to be maintained, even if they are not open. Maintaining and securing the facilities will be a significant expense if some library facilities are closed.

### **Parks and Recreation**

- The community may benefit from the Parks and Recreation Division and the Board of Education working more closely together on the coordination of facilities and planning for new facilities.
- Requirements for the investment of SPLOST dollars in new facilities will create additional operating expenses for Parks and Recreation.
- New school clusters create expectations for new recreation facilities that are impossible to deliver within existing revenue parameters.
- Changing demographics create demand for non-traditional recreation facilities and options that are not currently provided broadly across the county.



## Recommendations for the status quo

*Note: In general, the recommendations below are addressed to the Board of Commissioners. We recognize that in the scope of our Work Group, there are authorities (e.g., the Library Board) that are separate from the Board of Commissioners and their cooperation for the full implementation of these recommendations cannot be mandated by the Board.*

### Health and Human Services

1. Protect the level of funding for HHS from further cuts. When possible, HHS should receive priority consideration for budgetary increases.
2. Establish a more efficient granting process that meets the current needs and anticipates near-term future needs. This revised process for grant decisions should be results-based and strategic. It should consider appropriate accountability mechanisms, relevant needs assessments and long-range strategic plans.
3. Commission a study for senior service needs assessments and the appropriate funding levels to meet the anticipated needs.
4. Advocate for state public health funding to be based on current population rather than 1970 population.

### Library

1. Defer the construction of new library facilities for as long as possible.
2. Use SPLOST funds to renovate existing libraries in ways that result in operational cost savings.
3. Maintain or reduce the county contribution to the Library budget. The county contribution to the Library budget should not be increased.
4. Leverage the Board of Commissioners' influence to encourage the Library Board to:
  - a. Increase user fees (e.g., late returns) to result in an increase to 5 percent of the total budget.
  - b. Muster a volunteer recruitment, training and placement campaign, aggressively increasing volunteer hours at all libraries with a five-year target goal of 100,000 volunteer hours per year.
  - c. Implement a flexible library system with the target of saving 10 percent, or \$1,800,000, of the County's share of the Library's budget. Such a system should leverage existing "bricks and mortar" facilities, avoid the construction of new facilities, and fully leverage technological advancements.
  - d. Maximize new technologies in manners where operational efficiency, not new services, can be realized.

- e. Re-engineer the model of maintaining degreed personnel to accomplish tasks that could be accomplished by non-degreed staff or volunteers.

### **Parks and Recreation**

1. Defer the construction of new park and recreation facilities for as long as possible. When new parks must be constructed under SPLOST requirements, engage surrounding communities to cover some or all of the operating expenses associated with these new facilities.
2. Use SPLOST money to renovate parks that will result in future operational cost savings. This may include natural landscaping, artificial turf, and “smart” lighting systems.
3. Recover more of the operating costs for active recreational facilities. This would involve additional user fees for active fields and facilities. Youth Athletic Associations should pay the full variable costs associated with their use of the fields (e.g., electric costs for operation of lights, field maintenance, etc.). Other groups (e.g., traveling teams, for-profits, adult athletics) should be charged market rates.
4. Increase coordination with Gwinnett County Public Schools for use of ball fields, pools, etc.
5. Privatize, sell or outsource operations of select active recreation facilities (e.g., county pools) or increase user fees so they are completely self-supporting, including future capital costs not covered by SPLOST.
6. Develop and implement a workout strategy for the golf course to alleviate future risk associated with the county’s debt obligation.

## Recommendations for a declining tax digest

Each Work Group was assigned the task of determining how to balance the budgets for their service areas if there are further substantial declines in the County's net tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions). This is a critical concern because the net tax digest (together with the millage rate) determines the amount of revenues that the County receives from property taxes.

The Work Groups were told to assume a scenario in which the County's tax digest value dropped by 10 percent below its present level. At the present millage rate, that would mean a loss to the general fund of about \$34 million and to the recreation fund of \$2.9 million in 2010.

If all county departments that are supported through the general fund were cut in proportion to their funding, this work area would see the following reductions:

- \$854,050 or 2.5 percent of the current Community Services budget, including subsidies to non-profit organizations
- \$1,229,832 or 3.6 percent of the current Library budget
- \$2,900,000 or 7 percent of the current Parks and Recreation budget

Thus, our assigned task was to determine action steps that could be taken to address this shortfall through spending cuts, revenue increases or a combination of the two.

Our work group discussed the implications of this scenario at length. Our shared, but not unanimous, opinion was that under this scenario a disproportionate reduction for Libraries and Parks and Recreation was appropriate to preserve the operational capacity of Law Enforcement and the Judicial System, Fire and Emergency Services. Therefore, we offer the following recommendations for a declining tax digest scenario that shoulder larger reductions than the proportionate cuts listed above.

### Health and Human Services

1. Protect the level of funding for HHS from further cuts. Even under a declining digest scenario we believe the current funding for HHS is inadequate to meet existing needs or the anticipated needs over the next 5 years.

### Libraries

1. Reduce the county contribution to the Library by \$6.5 million or approximately 33 percent from current levels.
2. We anticipate this recommendation will require:
  - a. Immediate transition to a flexible library system that innovatively leverages existing "bricks and mortar" facilities without adding new facilities.

- b. The closure of four library branches across the system. We recommend these closures should be equitably spread across the county geographically. We suggest closing one library in each of the four commission districts.
  - c. Closed libraries should be either:
    - i. Converted into meeting space to generate rental revenue.
    - ii. Sold or leased.
    - iii. Used for other governmental purposes where needed.
  - d. Significant increases in user fees for past due books, inter-library exchanges, and room cleaning fees.
3. We also urge the Library Board to aggressively leverage the opportunity for sponsorship and naming rights at libraries that remain open.
  4. Finally, we augment our previous recommendation related to increasing volunteer hours and recommend that the target be increased to 200,000 hours within five years.

### **Parks and Recreation**

1. We recommend that the recreation fund millage rate be reduced to 0.8 mills. We estimate this will result in a 19 percent reduction, or \$7.9 million, from the current Parks and Recreation budget. This includes the \$2.9 million from the reduced value in the digest and an estimated \$5 million from the millage rate reduction.
2. We anticipate this recommendation will require:
  - a. The indefinite deferral of the construction of new parks or the expansion of existing parks.
  - b. The closure of county swimming facilities or increasing fees to ensure they cover all operating costs. If facilities are closed, they should be sold where allowable by law.
  - c. An aggressive campaign to initiate sponsorships to parks, trails, etc. at county facilities. We note that recently the state initiated such a campaign for Georgia parks and we believe that this may also be successful at county facilities. We note the success the county has already seen in this regard at the Environmental & Heritage Center and Coolray Stadium.
  - d. The closure of parks. When necessary, we recommend these closures be equitably distributed among commission districts.
  - e. Significant increases in exchange revenue in areas or programs where fees are charged.
  - f. A significant and sustained effort to engage volunteer groups for park maintenance and improvements.

## **General Recommendations**

While the above recommendations are aggressive, they are insufficient to close a \$34 million general fund gap. Therefore, we also include these additional recommendations that go beyond the scope of the Community Services Work Group.

1. Continue salary freezes across all staffing levels in all departments.
2. Initiate 10% salary reductions for all county employees making above 1.5 times the median county employee salary.
3. Increase the general fund millage rate by 0.5 mills.
4. Decrease the recreation fund millage rate by 0.2 mills (from 1.0 mill to 0.8 mill) to partially offset general fund millage rate increase.
5. Increase impact fees for new residential developments.

## DEVELOPMENT AND INFRASTRUCTURE

**Appreciation to Development and Infrastructure Staff:** Our Work Group recognizes and applauds the efforts of these departments' staffs in assisting us to understand their responsibilities and finances. Representatives of these departments answered our numerous questions promptly with great patience and professionalism.

**Our Work Group's approach to examining these service areas:** Our Work Group's task was to examine the financial impact on service levels for three County departments: Planning and Development, Transportation, and Water Resources. We began our efforts with a series of overviews by department heads and continued with extensive questions and answers by Work Group members. As we scrutinized the issues associated with these departments, we concluded that, with the exception of the Gwinnett County Transit system, the functions currently performed by these departments are core functions of county government, critical to economic development and as such do not propose completely eliminating any of their services or programs.

We have observed that these departments have made significant cuts in personnel and operations to reduce their budgets. However, we clearly understand that if revenues continue to decline, additional cuts across the board will be required.

We recommend these departments consider a fundamental restructure of their business model to allow services to be delivered more effectively with lower cost and more revenue.

### Observations

#### Planning and Development

- This department is responsible for overseeing everything related to building structures and developing property: Plan reviews, building and development permits and inspections, current and long range land-use planning, business and alcohol licenses and revenue, as well as the County's economic forecasting and economic development initiatives.
- It has instituted significant budget cuts (47 percent or \$6.1 million reduction since 2008 and has cut total staffing from 177 to 71 employees).
- The department has impacted revenue by increasing fees.
- The County is perceived to favor residential rather than commercial development.
- There are conflicting policies in planning and development.
- There is a need for clear statements of responsibility for all roles in planning and development, including the roles of the Board of Commissioners and planning commission.

- Planning and development department is and should be about economic development and building a stronger tax base. It is tasked with the future of Gwinnett County.
- There is no near-term need for outsourcing.

### **Transportation**

- This department oversees road and bridge construction and maintenance, traffic signals and signs as well as Gwinnett County Transit.
- The department has already made strides in finding efficiencies and implementing cost-cutting measures, including a departmental reorganization that has reduced personnel by 17 percent (from 181 to 152 employees) and eliminated non-essential practices.
- SPLOST money can only be used for road construction, not for maintaining roads once they are built.
- The Department of Transportation's centralized facility is functional and efficient. It has state-of-the-art technology that is underutilized.
- Planning stops at the county line. There is little or no coordination with other counties.
- Gwinnett Transit's budget is approximately \$12.5 million but less than \$2 million of this comes from the County General Fund.
- Public transportation system serves less than 0.5 percent of Gwinnett's population.
- Cuts have already been made to some bus routes. Can more cuts be made?
- Gwinnett County Transit has instituted several recent changes in routes and stop locations to reduce expenses and make the system more efficient.

### **Water Resources**

- Department of Water Resources manages state-of-the-art water and sewer services and the storm water system.
- This department operates as a water and sewer enterprise fund, meaning that all of its water and sewer operations are funded by the water and sewer fees collected monthly. Any cost savings in this department would benefit the consumer but not impact the general fund.
- The Department has instituted plans to incur no additional debt, to fund all future infrastructures on "pay as you go" basis, and to pay down existing debt, meaning no more bonds.
- It costs 60 percent more to treat sewage than drinking water.

- The storm water enterprise fund is included in property tax bills and based on the calculated percentage of impervious surface on each property.
- Its current funding level is approximately 50 percent of what is estimated to be the cost of repairing or replacing storm water infrastructure that's expected to fail within 10 years.
- The department has an obligation to be a responsible steward of water, putting it in the position of encouraging its customers to use less water.
- The department is currently near completion of a water reuse line that has been permitted to return up to 40 million gallons per day of treated water back into Lake Lanier.
- The department has engaged a collection agency to improve its collections rate.

## **Challenges and considerations**

### **Planning and Development**

- Consider opportunities to combine divisions through cross-training.
- Policy and procedures should be business friendly because commercial developments build the tax base. Our tax base is too heavily weighted at present to residential vs. commercial land uses.
- Can permitting and inspections be combined with license and review?

### **Transportation**

- Will federal stimulus funds help pay for traffic lights? If so, how much, now and in the future?
- The department has state-of-art traffic control technology; it needs to equip its people with the capacity to use it to increase the efficiency of our roads.
- The Department of Transportation has managed well “within the box” – doing its traditional work more efficiently. But it is time to reengineer work and consider “a new box.”
- If you were starting the Department of Transportation now, would it look like what we have and if not, how would it be different?
- What role would technology or outsourcing play if starting a department from scratch?

### **Transit**

- Transit buses were purchased using federal funding totaling \$40 million or more, which must be paid back if the system were eliminated. Based on this understanding, in the current budget situation it is difficult to recommend eliminating a program that accounts for less than \$2 million dollars a year from the general fund if doing so would result in a \$40 million expense.



- Could the County do a better job of marketing transit service to increase ridership?
- Would it make sense to eliminate local bus service (which has relatively low ridership level) and keep only the express bus service which takes commuters into Atlanta (and which has a relatively high ridership level)?

**Water Resources**

- How do we address the storm water infrastructure failing? (cost)
- Shortfall in revenue from fees

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## Recommendations for the status quo

### Planning and Development

1. Board of Commissioners should maintain current permitting, processing and plan-review service levels. Keep us competitive for the time when growth returns.
2. Retain Planning and Development's strategic core staff functions while evaluating the outsourcing of non-core functions, such as permit reviews and inspection services.
3. The department should evaluate policies and procedures to ensure that they align with Economic Development and Partnership Gwinnett goals.
4. Rename the Planning and Development Department to the Planning and Economic Development Department to make its responsibilities clearer.
5. Consider updating the recommendations made by the Matrix Consulting Group.
6. Implement the interventions of the 2030 Unified Plan.
7. License and review: The County should look at ways of identifying non-licensed and non-compliant businesses operating in the county.
8. Planning and Development should re-evaluate its fees on an annual basis.
9. Offer all forms of payment options with a fee for credit card use.

### Transportation

1. DOT has an underutilized state-of-the-art traffic control infrastructure. It needs to increase capacity by training internal resources to fully reap the benefits of its technology. Develop strategies for dealing with specific detour scenarios to be implemented when needed.
2. Department should consider hiring a well-qualified, third party consultant to review the operations of the department and recommend efficiencies, organizational improvements, reductions, restructuring and/or outsourcing
3. This consultant should also review the County's use of technology and facilitate greater integration/inter-departmental coordination across departments (e.g., allowing the Police Department to better manage accidents, events and detours)
4. Commission a study for developing the best business model for the transit system. We recommend strategies to increase ridership and revenues to get the transit system at or near a "breakeven" point (closing the gap between federal and state funding and the fares paid by riders and the subsidy paid by the County's general fund).
5. Eliminate costs of printing transit brochures and schedules by having them distributed electronically or by outsourcing the printing to the libraries.

6. Pursue the sale of advertising space on the exterior and interior of Gwinnett Transit busses. In order to preserve Gwinnett County Transit's current maroon/gold/white livery, consider using advertising "wraps" over the windows.

### **Transit**

1. Conduct a study to determine the best business model for the transit system. Include strategies for increasing ridership and revenues so that the system no longer requires subsidies from the County's general fund.
2. Pursue the sale of advertising space on the exterior and interior of Gwinnett Transit busses.
3. Consider feasibility and cost savings of eliminating local routes while retaining express routes.
4. Complete a five-year transit master plan.
5. Eliminate the cost of printing transit brochures by making them available electronically or outsourcing the printing to libraries.

### **Water Resources**

1. We fully support the department's plan of avoiding future bond funding by financing all capital projects on a "pay as you go" basis.
2. The department needs to develop a plan for funding the cost of repairing and replacing portions of the storm water infrastructure that are expected to fail within the next 10 years. The Work Group recognizes this means incurring significant additional costs.
3. The department should engage a collection agency to improve its water and sewer fee collections.

## Recommendations for a declining tax digest

Each Work Group was assigned the task of determining how to balance the budgets for their service areas if there are further substantial declines in the County's net tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions). This is a critical concern because the net tax digest (together with the millage rate) determines the amount of revenues that the County receives from property taxes.

The Work Groups were told to assume a scenario in which the County's tax digest value dropped by 10 percent below its present level. At the present millage rate, that would mean a loss to the general fund of about \$34 million.

If all county departments that are supported through the general fund were cut in proportion to their funding, this work area would see the following reductions:

- \$409,944 or 1.2 percent of the current Planning and Development budget
- \$888,212 or 2.6 percent of the County's share of the current Transportation budget

Since the Water Resource Department is funded entirely from user fees, it would not be affected by a decline in the tax digest.

Our assigned task was to determine action steps that could be taken to address this shortfall through spending cuts, revenue increases or a combination of the two.

### Planning and Development

1. Eliminate personal use of county vehicles by staff (commuting to/from home).
2. Freeze salaries.
3. Reduce salaries and/or impose furloughs.
4. Don't proceed with Matrix study update.
5. Revise the sign ordinance – the banner resolution reduces sales, and therefore reduces sales tax revenues. Allowing banners would increase sales tax collections and permit fees.

### Transportation

1. Eliminate personal use of county vehicles by staff (commuting to/from home).
2. Freeze salaries.
3. Reduce salaries and/or impose furloughs.
4. Promote an adopt-a-road program to reduce landscape/median maintenance cost.

5. Implement the recommendations for the status quo.

### **General Recommendations**

While the above recommendations are aggressive, they are insufficient to close a \$34 million general fund gap. Therefore, we also include these additional recommendations that go beyond the scope of the Development and Infrastructure Work Group.

1. Freeze salaries.
2. Reduce salaries and/or impose furloughs.
3. Change the retirement plan from a defined-benefit plan to 401(k) retirement plan going forward (i.e., service credits).
4. Eliminate personal use of county vehicles by staff, and no police and sheriff cars outside Gwinnett County.

## FIRE AND EMERGENCY SERVICES

**Appreciation to Fire and Emergency Management Services (EMS) Staff:** Our work would have been very difficult and our information incomplete without the full cooperation and willing participation of the fire chief and staff of the Fire and EMS Department. We recognize that the time they spent working with the Engage Gwinnett process took them away from their normal duties, which still had to be performed. We commend the Fire and EMS staff for their openness and responsiveness to our many requests and questions, and for the patience they demonstrated as our Work Group tried to understand the department's plans and operations.

**Our Work Group's approach to examining this department:** As we started our review, Fire and EMS provided us with an overview of the department through presentations by staff members responsible for leading different functional areas. These presentations allowed an initial dialogue with staff that enabled us to develop some general knowledge of the department and its operations. We were also able to discuss in detail with staff plans for future expansion of the department's stations, equipment and staffing designed to meeting the growing and changing needs of the community.

Based on these presentations, we developed a list of additional information and questions to be addressed. This sharing of information continued throughout our months of review and deliberation. We also reviewed documents and reports, toured fire headquarters, observed the department's monthly performance meeting (which is called FireStat), and continued our dialogue with the leadership of the department.

In addition to the review work that we performed ourselves, we requested that research staff from the County and from Georgia Gwinnett College help answer three questions related to the Fire and EMS Department. We appreciate their assistance in addressing these questions:

- What is the financial impact of a change in the County's Insurance Services Office (ISO) rating?
- What would be the net financial impact of privatizing the EMS transport services?
- Is there an opportunity to leverage our internal training and provide EMS training for profit to surrounding departments?

The results were useful in helping us to draw conclusions about certain operational issues and in supporting intuitive assessments with data and figures. The research is discussed at relevant points later in this report. The work done by the Economic Analysis Office was particularly noteworthy in quantifying the answers to the three questions we posed.

### Observations

- We were immediately struck by the high quality of services provided by the Fire and EMS Department in the following areas:
  - Fire protection
  - Fire prevention and safety education
  - Fire marshal

- Life safety and handicapped access code enforcement and inspections
  - Fire investigations
  - Emergency medical
- Per the adopted 2010 budget, the department has about 850 positions. Of these, more than 60 are vacant at this time, and the recruitment process to fill the vacancies is underway.
  - The department's 2010 operating budget totals about \$76.0 million and represents almost 15 percent of the County's general fund. Fire and EMS operations are funded primarily from property taxes, but substantial funds are collected in conjunction with ambulance transport fees. These fees, projected to amount to almost \$11 million in 2010, offset a portion of the cost of EMS.
  - As evidenced by the research report prepared for us on the possibility of providing training to other fire departments for profit, it is difficult to impose fees or otherwise generate income through most of the department's activities.
  - Fire and EMS employees are well-trained and well-equipped. They generally display a professional attitude and high morale.
  - Numerous reductions and operational changes intended to save money have already been instituted. Some examples of these include the privatization of billing and collections, consolidation of warehouse operations and reduction in support staff positions.
  - The department has implemented a formalized process for frequent self-evaluation of its operations, using statistics and other objective reporting mechanisms.
  - The majority, 70 percent or more, of the department's calls for service are medical in nature. Structure fires account for a small portion of the calls. The shift toward medical calls as the primary source of calls for service began years ago and continues even now.
  - At least two decades ago, the department instituted a practice of cross-training firefighters and paramedics/EMT's. This cross-training created greater staffing flexibility and allowed the department to operate with fewer staff per piece of equipment, which reduced costs overall. However, since each truck or ambulance has fewer staff, it often requires that multiple units be sent to the same incident to be sure enough personnel are on hand.
  - With over 90 percent of the operating funds for Fire and EMS devoted to personnel costs, any meaningful reduction of the department's budget would reduce staff in one way or another.
  - Fire protection ratings are assigned to communities by the Insurance Service Office (ISO), a national rating service aimed at the insurance industry. These ratings are based on factors such as staffing, equipment and availability of adequate water flow and are considered by insurers in setting property insurance premiums. If the ISO awards a better rating to a community, then this typically will result in reduced insurance costs to homeowners and businesses while a worse rating likely would generate higher insurance costs.

- As evidenced in the public participation meetings, citizens value Fire and EMS as priority services and see the department as performing well. Citizens said they wanted to maintain the current level of service in Fire and EMS, and there seemed to be an overall belief, with few exceptions, that Fire and EMS ought to be one of the last County departments to undergo budget cuts.

### Challenges and considerations

- Response times are good, meeting national standards about half of the time. Response times are affected by each of the factors shown below, which complicates attempts to maintain and/or improve response times:
  - Stations and geographic area covered
  - Staffing and equipment
  - 911 call handling and dispatch
  - Road network and congestion
  - Adequate water flow to fire hydrants
- The tendency of adverse economic conditions to generate increased service demands must be considered as budget decisions are made. For example, individuals may postpone seeking medical care until there is an emergency need, resulting in an ambulance call rather than a visit to a doctor's office.
- As noted earlier, any meaningful cost reduction for Fire and EMS would impact staff. Any reduction in staff numbers or work schedules would likely negatively affect the response time and service delivery of the Department.
- Demographic changes that have already occurred and that will continue in the future have a major effect on the demands for Fire and EMS services, as well as the ability of the department to deliver services to all segments of the community. Chief among these demographic changes are an aging population and increasing diversity.
- Service demands and delivery are also impacted by land use changes, particularly densification and urbanization, and by the aging and deterioration of housing and commercial buildings. Other examples of planned or potential changes which would generate substantial service demands include the addition of dormitories at Georgia Gwinnett College and expanded services at the Gwinnett County Airport.



## Recommendations for the status quo

1. We are very cautious in recommending changes because we are concerned about unintended consequences. Therefore, we recommend that all proposed changes in the funding and operations of Fire and EMS be subjected to an intense review and analysis process which fully examines all possible consequences and balances the projected benefits with the potential risk associated with the proposed changes.
2. Our priority recommendation is to continue the good work underway by the department and to maintain the current service levels.
3. Maintain the department's current practice of providing emergency medical transport services. As determined by research performed by the County and staff from Georgia Gwinnett College, eliminating ambulance crews from the department's staffing plan would actually increase the overall cost of providing Fire and EMS services. (For more information, refer to the "Fire and Emergency Services Committee Research Report" on the Engage Gwinnett website.)
4. In addition to comparing itself against its own past performance, we recommend that the department identify appropriate communities and fire departments to use for benchmarking purposes. Comparisons with these peer communities and organizations should be an on-going and formalized process. While we acknowledge that such comparisons are difficult and imperfect, we believe that it is important to demonstrate how Gwinnett County Fire and EMS stacks up against other departments across the country.
5. Identify and evaluate best practices from other progressive fire departments, including how these departments are addressing cuts in funding.
6. Focus immediate attention on preparation for the upcoming ISO rating process, which we understand is imminent. Once ISO has released its updated rating and related evaluation comments, use these as a source of information for identifying areas where efforts should be concentrated in the future.
7. Utilize the research report prepared for this Work Group to explain the potential financial impacts on homeowners and businesses of ISO rating changes, as well as to compare these with budgetary increases required to maintain/improve existing ISO rating. Have this research performed annually, so that up-to-date information is available each year. Publish the annual research results in a manner that makes them easily available to the public.
8. As funding allows, add stations, equipment and staffing to maintain and improve coverage across the county, especially in areas with longer response times or greater service demands.
9. Focus on efforts to reduce community risk through education and outreach. Expand use of volunteers and coordination with other organizations in order to make the most of available resources and to reach the greatest number of people.

10. Address outdoor burning issue through education initially, but consider the possibility of more stringent regulation where warranted based on risk.
11. Proceed in timely fashion with the re-writing of existing code(s) and regulations to clarify and simplify their use by staff, regulated parties and the citizens.
12. Identify and assess code adjustments likely to have the greatest impact on fire risk and management. The benefits to be derived from strengthening code requirements should be balanced with the cost to property owners and the community.
13. Evaluate existing level of cooperation between the Fire Marshal's Office and Planning and Development Department and identify any areas where change may be beneficial to the departments or their customers.
14. Consider increasing the frequency of fire hydrant inspection and maintenance.
15. Search for other opportunities for outsourcing and contracting functions, and evaluate these opportunities to determine viability and benefits.

## Recommendations for a declining tax digest

Each Work Group was assigned the task of determining how to balance the budgets for their service areas if there are further substantial declines in the County's net tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions). This is a critical concern because the net tax digest (together with the millage rate) determines the amount of revenues that the County receives from property taxes.

The Work Groups were told to assume a scenario in which the County's tax digest value dropped by 10 percent below its present level. At the present millage rate, that would mean a loss to the general fund of about \$34 million in 2010.

If all county departments that are supported through the general fund were cut in proportion to their funding, Fire and EMS would see a loss of 13.8 percent of its current budget, or about \$4.7 million. Thus, our assigned task was to determine action steps that could be taken to address this shortfall through spending cuts, revenue increases or a combination of the two.

### Thinking about further spending cuts

To ensure that a range of options was considered, we first looked at what spending cuts would be required to offset the revenue loss if no revenue increases were possible. In our brainstorming about possible spending cuts, we came up with the following list of possibilities:

- Delay opening of new and re-located stations (re-located station #18, new station #29 and new station #30). This would result in a 10% budget decrease equivalent to 1.5 to 2.0 stations, depending upon apparatus assigned.
- Cut existing personnel by eliminating/removing from service some apparatus.
- Reducing salaries by up to 10 percent on a temporary basis.
- Close currently operating stations.

Taking this approach was very difficult for the group since there are no easy reduction targets and the potential consequences of the necessary reductions are not desirable. Nonetheless, the action alternatives for spending cuts identified by the group are discussed below.

### Option A: Avoid incurring costs that cannot be sustained

Option A should be considered if the further loss of tax revenues is identified prior to the opening of the three stations currently completed but not yet occupied: re-located station #18, new station #29 and new station #30. With the idea that postponing the hiring of additional staff is preferable to having to lay off employees, our group suggested that costs that cannot be sustained over the long run should not be incurred. Thus, the opening of some combination of the three stations yet to be occupied should be delayed. One possible combination likely to generate sufficient savings is described below:

- Open new station #29.
- Open re-located station #18 but without the new ladder company. (Est. savings: \$1.5 million)

- Delay opening of new station #30, which has both engine and ladder companies. (Est. savings \$2.8 million)
- Cuts in operating expenses other than personnel costs. (Est. savings \$0.4 million)

### **Option B: Reduce personnel costs through a combination of temporary pay cuts and elimination of positions**

*Option B* would be employed in the event the decline in the tax digest occurs after the three completed but unoccupied stations have already been opened. While we believe that salary reductions and layoffs should be considered only in the direst of circumstances, we understand that it is the only feasible approach if the stations are already opened. With such a large portion of the budget for Fire and EMS, 90 percent or more, dedicated to personnel costs, there is no way to cut the department's budget by \$4.7 million without reducing personnel costs.

Accordingly *Option B* is based on instituting some combination of salary reduction and cutting existing personnel, including eliminating and/or taking out of service selected fire apparatus. One example would include an across-the-board temporary salary reduction of 2.5 percent coupled with layoffs and other cost savings associated with removing equipment from service. The estimated annual savings amounts that can be realized by removing equipment from service are shown below, along with the number of each type of equipment now in service:

- Ambulance: \$700,000 (23 units in total)
- Engine: \$1.3 million (28 units, one in each station)
- Ladder \$1.5 million (8 units in total)

We would suggest relying on the fire chief to select the specific equipment to be taken out of service, based on minimizing the unavoidable impact on the ability to deliver service.

*Caution:* In order to achieve substantial cost reductions in Fire and EMS, cuts would have to be made to personnel. This would likely have a negative effect on the ISO rating which could potentially cause an increase in the cost of property insurance for homeowners and businesses.

### **Revenue options**

*Property tax increase:* In looking at a solution to the budget shortfall in this exercise, we could not ignore the potential effect of staffing reductions on the ISO rating and the impact that a worse ISO rating has on property insurance premiums. Gwinnett is scheduled this spring for its first ISO rating process in over 20 years, so this is of immediate interest. If the rating worsens by even one level, the impact of the resulting increase in insurance premiums for most homes would likely be larger than the additional taxes (0.20 mill increase) required to maintain sufficient funding for Fire and EMS.

Here's how to think about the tradeoff between a millage increase and an increase in homeowner insurance rates:

- If the county's ISO rating worsens, homeowner insurance premiums for a home valued at \$200,000 would likely rise by more than \$50 a year. Should the millage rate be increased by 0.20 mills

(enough to cover a shortfall in Fire and EMS services, if the tax digest declines by 10 percent this year), the increase in property taxes would be \$15 or less.

- Thus, \$15 a year increase in property taxes could save the owner of a home valued at \$200,000 \$50 a year in added insurance premiums, resulting in a net savings of about \$35.

*Sales tax:* While a local-option sales tax for county operating expenses cannot happen soon enough to help with budget shortfalls in the next few years, it bears further exploration as an overall option in the future.

*User fees and other fees for services:* We encourage Fire and EMS to continue actively searching for user fees that may be appropriately used in conjunction with the services provided by the department. We also recommend that the County adjust its existing fee schedule periodically to reflect market forces and the actual cost of providing services. However, we have not identified any fee increases that appear productive at this time, so we are not recommending an increase in fees for Fire and EMS services now. Here are our reasons:

- Current fees (mostly related to ambulance transport) presently account for 15 percent of the department's budget.
- There are limits to collecting higher fees for ambulance transport services due to reimbursement maximums imposed by Medicare, Medicaid and insurance companies.
- Even doubling these fees would not generate substantial funds since amounts above these limits will often end up uncollected.
- Gwinnett is already at the high end of EMS transport rates.
- Amounts raised through potential new user fees would be negligible, difficult to administer and would not yield enough additional revenue to make a difference.

## INTERNAL SERVICES

**Appreciation to County Staff:** We appreciate the assistance provided to our group by County staff, particularly those in the Human Resources and Financial Services departments. We acknowledge the time spent in preparing and compiling information for us and then in discussing it with us. Our work would not have been possible without the responsiveness and cooperation of staff, and we thank them for their willingness to tackle the tasks associated with our review, while still maintaining their normal job responsibilities.

**Our Work Group’s approach to examining these departments:** Our Work Group agreed to review Internal Services functions in addition to our original assignment of Fire and EMS. Internal Services functions include those provided by the Financial Services Department (Finance), Information Technology Department (I/T), Human Resources Department (H/R) and Support Services Department. (The Law Department and County Administrator’s office are also considered internal services, though we did not review these.) Due to time limitations, we focused on Finance and H/R but also looked briefly at funding and staffing for I/T and Support Services. Initially, H/R and Finance staff provided us with an overview of the departments through presentations and reports. We also requested and received a number of statistical and information reports, which are posted on the Engage Gwinnett website. H/R and Finance leaders visited with us several times after their initial presentations to further explain reports and answer follow-up questions from our group.

One of our objectives was to determine a ratio for measuring an appropriate level of Internal Services support required by County government now – a ratio that could also be used to estimate appropriate levels needed as County government changes. We asked for assistance from volunteers at Georgia Gwinnett College, as well as the Gwinnett Chamber’s Human Resources Association. We were looking for industry standards that could be used as benchmarks for Internal Services. We found that there are few such standards in existence, although there are some “rule of thumb” measurements in the H/R area; for example, a ratio of 1 H/R position per 100 employees is commonly used as a method for estimating the number of H/R employees needed.

The lack of widely recognized standards for most Internal Services functions led us to ask that comparison data from peer local governments be collected as a substitute. County staff selected other metro Atlanta governments as the peer group, based on the ability to collect the information within a relatively short period of time and with some familiarity with the organization structure of each. We do not view all of these governments as good matches for Gwinnett or as models for the level of efficiency we expect from Gwinnett County. However, looking at the group provided us with some sense of the range that exists nearby, with the figures for Cobb County warranting further examination.

### Observations

- Certain functions such as recruitment, employee benefits, payroll, accounting, fleet maintenance and computer operations are necessary to the functioning of all County departments and, in turn, to the provision of services to the public.

- Providing internal services on a centralized basis to all County departments improves the likelihood of consistency and continuity of services. It provides the opportunity for greater efficiency and lower cost as well.
- The Internal Services departments, as a group, have already sustained larger percentage reductions in staffing and funding than other County departments.
- Reductions in positions, retirements of longtime employees and organizational restructuring of Internal Services departments have resulted in many employees working in areas where they have limited experience.
- The cuts made to the staffing and funding of the Internal Services departments were premised on there being substantial reductions in staffing and funding across the County organization.
- While funding and staffing were restored to most parts of the County organization with the property tax increase imposed in late 2009, this is not generally the case for Internal Services departments.
- Support staff have also been reduced in the public services departments as part of the budget cutting process; in most cases these positions have not been added back even though funding for direct services has been restored with the millage rate increase.
- Many of the cost-containment actions taken within County government have generated additional work for one or more Internal Services department. For example, additional work was involved for Finance and H/R for every employee who retired as a result of the early-retirement incentive program.
- The Tax Assessor's Office, which is considered part of the Financial Services Department although it reports to the Board of Tax Assessors rather than the Board of Commissioners, has reduced its staffing through contracting for certain appraisal services.
- As evidenced in the public participation meetings, the public typically does not think of Internal Services functions as a funding priority.

## Challenges and considerations

- With the 2010 Adopted Budget, Internal Services departments must support higher service demands than were estimated at the time that cuts to their staffing and funding were made.
- The retirement of experienced employees and reassignment of others due to restructuring have resulted in routine tasks requiring additional time than was the case previously.
- All County departments are negatively affected by slow or poor performance of assigned tasks and functions by the Internal Services departments, and this, in turn, hinders the ability of operating departments to deliver services to the public.
- Tasks that cannot be performed adequately and in a timely manner by Internal Services departments are often informally shifted to operating departments.
- Operating departments have reduced their support staff and are poorly prepared to absorb functions previously performed by Internal Services departments.
- Adverse economic conditions will continue to place sustained pressure on Internal Services departments, especially Finance, to monitor conditions, prepare updated forecasts and recommend revised strategies in response to changing conditions.
- Technological improvements represent perhaps the best approach for allowing more to be done with fewer staff throughout the County, particularly in Internal Services departments. However, there is limited funding available for such improvements, and implementing improved technology requires staff time, which is scarce.
- The tax assessment function is under the greatest amount of pressure it has felt since the 1991 countywide reassessment. There is no end in sight for this heightened pressure, since high volumes of property value changes and tax appeals are anticipated for years to come.
- The collection of property taxes for the County, the School System and Gwinnett municipalities would be delayed if the Tax Assessors Office were unable to perform its duties in a timely fashion and successfully demonstrate that the tax digest has been prepared in accordance with all relevant state laws and regulations.
- The loss of investment income and the cost of borrowing funds to cover cash-flow shortages created by delays in tax collections would be costly to all Gwinnett governmental entities.



## Recommendations for the status quo

1. We are very concerned about how much additional work the Internal Services departments can handle without serious threat to their abilities to function. Therefore, we recommend that proposed changes in the funding and operations of Internal Services departments be subject to an intense review and analysis process. All possible consequences should be fully investigated, and projected benefits should be carefully balanced with the risks associated with the proposed changes.
2. In fact, we believe that the Internal Services areas may have been cut to a point at which their ability to support the rest of County government may be in jeopardy. Accordingly, we recommend that the County closely examine the potential shortfalls in service which are likely and the impact these will have on other County operations.
3. We urge that the County consider continuing with technology improvements that have been delayed, since these improvements would allow some Internal Services areas to accomplish more with their existing staffs. This would be particularly helpful for Finance and H/R.
4. We recommend that the Internal Services departments identify appropriate localities and organizations to use for benchmarking purposes. Comparisons with these peer localities and organizations should be an ongoing and formalized process. While we acknowledge that such comparisons are difficult and imperfect, we believe that it is important to demonstrate how Internal Services areas in Gwinnett County government compare with their counterparts across the country.
5. As part of this benchmarking effort, we urge that the Internal Services departments identify and evaluate the best practices of other progressive Internal Services departments, including how these departments are addressing cuts in funding.
6. We are alarmed by the level of risk associated with production of the County's tax digest under current economic and regulatory conditions, especially when coupled with the shifting of some appraisal functions to external firms. To allay potential problems, we recommend that the County assign additional staff with needed background and experience to manage the contractual relationships and to perform quality control for the entire appraisal process. This should be done even if it can only be accomplished through the hiring of additional experienced staff or contracting for quality-control services.
7. We recommend that the County carefully monitor the volume of appeals and other activities associated with the production of the tax digest and be prepared to provide additional resources to the Tax Assessors Office in the form of temporary staff or contractual services should these be necessary.
8. We recommend that the Board of Tax Assessors assume a leadership role in determining the resources needed by the Tax Assessors Office and seeking these from the County.

## Recommendations for a declining tax digest

*Each Work Group was assigned the task of determining how to balance the budgets for their service areas if there are further substantial declines in the County's net tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions). This is a critical concern because the net tax digest (together with the millage rate) determines the amount of revenues that the County receives from property taxes.*

*The Work Groups were told to assume a scenario in which the County's net tax digest value dropped by 10 percent below its present level. At the present millage rate, that would mean a loss to the general fund of about \$34 million in 2010.*

*Internal Services was not assigned a specific budget amount that would be eliminated if cuts were made on a proportionate basis, but our assumption was that it would be a significant amount. Our assigned task was to determine action steps that could be taken to address this shortfall through spending cuts, revenue increases or a combination of the two.*

1. Establish minimum levels that must be maintained for certain services, without which fundamental operations cannot continue. For example, the County must produce payroll checks and meet payroll reporting requirements set by the federal and state governments.
2. Involve the other departments, which are the customers of the Internal Services areas, in determining internal services that can be eliminated or reduced. This may involve a poll or roundtable discussions to identify the services that each County department is willing to give up.
3. Analyze fully any proposed changes for the potential risk associated with the change, as well as the possibility of unintended consequences that may negate or offset the savings projected to be generated by the change.
4. Work through this process and develop the plan for reductions in advance so that implementation is not delayed should reductions be necessary.

## LAW ENFORCEMENT AND JUDICIARY

**Appreciation to Law Enforcement and Justice System Staff:** Our Work Group wants to recognize and applaud the efforts of the Gwinnett County Police Department, the Gwinnett County Sheriff's Office, the Courts and Judiciary, the District Attorney and Solicitor of Gwinnett County, the Gwinnett County Department of Corrections and many others for their assistance in helping us through this challenging process. Representatives of these organizations and other county departments have shared their time and expertise to support this endeavor on every occasion they were called upon to do so. Without the openness and transparency demonstrated by these departments, this effort would not have been possible. The professionalism displayed during our interaction with these departments earned our respect and admiration for the performance of our law enforcement community and court system.

**Our Work Group's approach to examining these service areas:** We were charged with reviewing the service levels of the following departments and service areas:

Gwinnett County Police Department: This department is responsible for the investigation of crime, responding to 911 calls, the maintenance of public order, providing law enforcement services to more than 700,000 county residents and providing support law enforcement services to more than 125,000 residents of Gwinnett's cities.

- The department has approximately 720 sworn positions and 288 civilian positions.

Gwinnett County Sheriff's Office: This department is responsible for oversight of the Detention Center operations, service of warrants, service of civil process and orders of the Courts, court security, maintaining the sex offender registry and inmate transport.

- The department has approximately 559 sworn positions and 128 civilian positions.

Gwinnett County Department of Corrections: This department is responsible for operating the Gwinnett County Correctional Institute and the Work-Release Program.

- The department has 142 positions.

Gwinnett County Courts: The Court system reviewed by the committee consists of seven areas. Within this area of inquiry are the offices of various officials with a broad range of responsibilities for various aspects of the justice system. They include:

- District Attorney's Office with 104 positions.
- Solicitor's Office with 64 positions.
- Superior, State and Magistrate Court with 117 full and part-time positions.
- Juvenile Court with 61 positions.
- Probate Court with 24 positions.
- Recorder's Court with 17 full time and 3 part-time positions.
- Clerk of Court with 107 positions.

During the process we heard presentations from leaders in each of these departments and entities including a review of the follow areas:

- Organizational Structure and Job Functions
- Departmental Budgets
- Historical Operating Cost
- Five-year Trends: Crime, Case Loads, Staffing, Expenditures and Revenues
- Mandatory and Non-Mandatory Services
- Critical Service Issues – Dangerous Gaps
- Consequences of Change in Services

The Work Group quickly recognized the complexity of the Law Enforcement and Justice System and the challenges faced in making recommendations in this service area. Our paramount concern was to ensure that nothing was done to jeopardize or impair public safety in Gwinnett County. The consensus of the Work Group was that the County should maintain current funding levels for the Law Enforcement and Justice System if at all possible to ensure that the high level of public safety and quality of life we currently enjoy as a result is not adversely affected. Reductions in this area might detract from the vision of Gwinnett County as an attractive place to live and work.

Admittedly, Law Enforcement and the Justice System are expensive. They account for approximately 23.5 percent (\$230 million) of the County's total budgeted expenditures and almost half of the County's general fund. Nearly 70 percent of this service area's expenditures are for personnel. Significant reductions in this area might result not only in the *perception* that public safety is eroding in our county, but its *reality* as well. Finally, it should be noted that many of the areas of service covered by this committee are mandated by state and federal law, and although the service levels for these mandated services may be changed, they cannot be eliminated.

## Observations

- The entire Law Enforcement and Justice System including all of its components are complex, interrelated and interdependent. It was recognized that making adjustments to one particular area will have an impact on another area within the system.
- Based on all presentations, the Law Enforcement and Justice System has “done well with less,” eliminating considerable amounts from their operating budgets.
- Many components of our Law Enforcement and Justice System are recognized around the country as setting national standards for performance in their respective areas.
- The Gwinnett County Police Department has been accredited since 1993 by the Commission for Accreditation for Law Enforcement Agencies (re-accreditation comes every three years). It should be noted that *only 3.4% of all law enforcement agencies in the country are similarly accredited.*

- The perception that the duties of the Gwinnett County Police Department and the Gwinnett County Sheriff's Office overlap was found to be unsupported. Our subcommittee did not establish any significant duplication of services during these presentations. A more detailed analysis may be needed, however, to determine if there are any overlaps of duties at all.
- The fees that the courts and Sheriff are allowed to charge by state law are inadequate and do not reflect the actual costs of the service provided. In many cases, these fees have not been revised by the Georgia General Assembly for years. As a result, the taxpayers of Gwinnett County must make up the difference between the fees and the true costs of these services.
- Although the Work Group recognizes that there may be an initial upfront cost, our Law Enforcement and Justice System would benefit from the implementation of, and an investment in, new technology.
- While crime statistics and other information are available online, most citizens are not aware of these resources, resulting in greater use of labor to provide public information (police reports, payment of tickets, etc).
- Although it is relatively new and not widely known, Gwinnett County does have an independent department for process analysis, measurement and improvement that seeks to find efficiencies to County processes.
- There seems to be a culture of “risk aversion” which stymies innovation and creativity in local government.
- It was noted that an opportunity to consolidate information technology (IT) functions may exist. However, it was also noted that the Law Enforcement and Justice System's IT operations are typically 24-hour operations and interruption of this around-the-clock service could be a risk if IT services were consolidated across the entire government.

### **Challenges and considerations**

- The primary goal of Gwinnett County's Law Enforcement and Justice System is to create a world-class public safety and criminal justice system that is cost-effective and innovative across all platforms.
- Greater efficiencies and outcomes may be achieved with greater interdepartmental consultation and cooperation.
- Because of the highly complex and interconnected nature of the Law Enforcement and Justice System, greater consideration and more planning should be given to how a change in staffing, funding or operations in one area affects other components of the system.
- Legislative action to analyze, update and revise filing fees, service fees and other fees that are outdated and do not reflect the actual cost of providing service.

- Rapid implementation of the Criminal Justice Information System (CJIS) should be supported and expedited because of the long-term benefits it would provide.
- Exploring partnerships with private industry to automate court services including fee collection and filing may result in long-term savings and improved performance.
- The County should review the expense associated with providing full building security to all of the Gwinnett Justice and Administration Center.
- Consolidating all facility maintenance should be examined.
- Departmental performance “scorecards” should be available online.
- We should maintain the highest industry-recognized level of certification that is fiscally possible for all law enforcement and correctional facilities.

## Recommendations for the status quo

1. The Work Group recognizes the potentially tremendous detrimental impact that reductions in the Law Enforcement and Justice System would have on our community. We recommend maintaining all current service levels.
2. The fees permitted by state law for such things as court filings do not come close to the actual costs of providing these services. While recovering the full costs is unlikely, and perhaps not desirable in some cases, fees should be increased to recover a larger portion of the cost of service delivery. Action by the Georgia General Assembly is required. We urge our local elected officials, including our state legislative delegation, to:
  - Increase state mandated fees to be more closely related to actual costs.
  - Add a technology surcharge to criminal fines to support technological improvements.
  - Authorize privatization of fee/fine collection including the collection of fines that remain unpaid upon the expiration of a criminal sentence.
  - Recategorize some minor misdemeanor criminal offenses and reduce the potential penalty in a way that would permit those cases to be resolved without a jury trial.
3. The current method of delivering indigent criminal defense services should be re-examined. Consideration should be given to finding an alternative to the current system of paying for those services on an hourly basis.
4. We recommend that a process model for budgeting and staffing decisions be implemented that recognizes the highly interconnected and interdependent nature of the entire Law Enforcement and Justice System, a model that would also serve to promote efficiency and eliminate service duplication. This review should be led by the Performance Analysis Department and involve consultants, staff and citizens in its work.
5. The Law Enforcement and Justice System would benefit both in terms of reduced costs and greater efficiency from taking maximum advantage of technology. The Work Group supports implementing technological advances and innovative processes to increase productivity and transparency. This should include:
  - Expediting implementation of the Criminal Justice Information System.
  - Expediting a paperless system for courts, tickets, licenses and permits, police reports.
  - Providing online access or self-service kiosk for service delivery.
  - A case management electronic court filing system.
  - Exploring a public-private partnership for self-service or paperless delivery of services.
6. Explore outsourcing operations for:
  - Corrections
  - GJAC entry (not courtroom) security
  - Building maintenance
  - The animal control facility
  - Process servers (civil)

7. We recommend consolidating certain services, including:
  - Building maintenance
  - IT Services
  - Other support services
8. Organize and promote a “summit meeting” between municipal and Recorder’s Court officials regarding fines to ensure equitable fines among jurisdictions.
9. Superior and State Court judges should consider appointing an administrative judge for each court to study, evaluate and make recommendations to those judges with the aim of maximizing the delivery of judicial services at an affordable cost for the citizens of Gwinnett County.
10. Implement an educational initiative to leverage citizen volunteer capacity for community building to extend and compliment the service delivery of the Law Enforcement and Justice System.
11. Explore and pursue state reimbursement for county services wherever possible.
12. If permitted by law, use SPLOST funds to fund the purchase of police vehicle before using general fund revenues.
13. Support efforts currently underway to evaluate the internal business process of county operations, to measure performance and seek efficiencies. These efforts are valuable and should be encouraged.



### **Recommendations for a declining tax digest**

*Each Work Group was assigned the task of determining how to balance the budgets for their service areas if there are further substantial declines in the County's net tax digest (the total taxable value of buildings, land, personal property, vehicles, public utilities and so forth located in Gwinnett County minus total applicable exemptions). This is a critical concern because the net tax digest (together with the millage rate) determines the amount of revenues that the County receives from property taxes.*

*The Work Groups were told to assume a scenario in which the County's tax digest value dropped by 10 percent below its present level. At the present millage rate, that would mean a loss to the general fund of about \$34 million in 2010.*

*If all county departments that are supported through the general fund were cut in proportion to their funding, Law Enforcement and the Justice System would see a loss of 39.3 percent of their current budgets, or more than \$13.6 million. Thus, our assigned task was to determine action steps that could be taken to address this shortfall through spending cuts, revenue increases or a combination of the two.*

1. We would continue to recommend that the county maintain the current levels of service in the courts and law enforcement.
2. If funding in this area of responsibility must be reduced, and reductions are made on a percentage basis, the percentage goal in this area should be set at the least proportionate reduction possible. We should acknowledge that more limited cuts in this area might result in the need for greater percentage cuts in other less "core" service areas which is the intention of the recommendation. Within each official's or department's budget and area of responsibility, the reductions should be prioritized by that official or department manager, that person being most familiar with the operations of the department and with a view towards impacting core services as little as possible.

## SPONSORS OF ENGAGE GWINNETT

Engage Gwinnett's work could not have been possible without the financial help of a number of civic-minded companies and organizations. Here are the companies and organizations that supported Engage Gwinnett through their generous donations:

12Stone Church

Allgood Pest Solutions

Andersen Tate & Carr

Brand Banking Company

Brand Mortgage

Brand Properties

CAB, Inc.

Cisco Systems

E2E Resources

Evermore CID

Georgia Power

Gwinnett Medical

Gwinnett Village CID

Gwinnett Municipal Association

Jordan Jones & Goulding

Mike Levensgood

Philadelphia College of Osteopathic Medicine

Precision Planning

Primerica

Russell Landscape Group

WIKA

Yerkes Primate Center

## ALTERNATE MEMBERS OF ENGAGE GWINNETT

A number of Gwinnett County citizens were selected as alternates to Engage Gwinnett, meaning they were prepared to serve if a regular member could not. Here are those who were selected as alternates.

Joe Allen	Sang Kim
Taylor Anderson	Pastor Erven Kimble
Dennis Billew	Mani Krishnaswamy
Phil Boudewyns	Samantha Mbozi
Paul Busino	Jason A. Mirabella
Ray Cobb	Jimmy Orr
Benin Dakar	Pablo Pittaluga
Dick Daneke	Danny Porter
Bernard Ethridge	Larry Reed
Cindi Gaskins	Jon Richards
Ellen Gerstein	Art Sheldon
Chester (Chet) Hale	Debra Smith
Steve Hill	David Stedman
LoyLene Jefferson-Shaw	T. Larry Still
Eric Johansen	Judy Waters
Thor Johnson	Bryan White
Bryan Kerlin	Elise Whitworth
Ken Klautt	Abby Wilkerson

## PRESENTERS TO ENGAGE GWINNETT

Here are the individuals who made major presentations to Engage Gwinnett in plenary or Work Group sessions:

Brian Allen	Director, Gwinnett County Transportation
Phil Boudewyn	Court Administrator, Gwinnett County
Aaron Bovos	Director, Gwinnett County Financial Services
Mike Boyd	Chief Deputy, Gwinnett County Sheriff
Tom Davis	Judge, Gwinnett County Superior Court
Dr. Jeffrey Dorfman	Professor of Applied Economics, University of Georgia
Ellen Gernstein	Executive Director, Gwinnett Coalition
J. Mac Holladay	Founder & CEO, Market Street Services
Phil Hoskins	Director, Gwinnett County Community Services
George Hutchinson	Chief Magistrate, Gwinnett County
Bryan Lackey	Acting Director, Gwinnett County Planning & Development
Tom Lawler	Clerk of Court, Gwinnett County
Steve Logan	Retired Division Dir., Gwinnett Co. Planning & Development
John Matelski	Director, Gwinnett County Information Technology Services
Dr. Alfie Meek	Director, Gwinnett County Economic Analysis
Bill Meyers	Chief, Gwinnett County Fire and Emergency Services
Katherine Meyer	Tax Commissioner, Gwinnett County
David Peek	Warden, Gwinnett County Corrections
Kenneth Poe	Director, Gwinnett County Human Resources

Danny Porter	District Attorney, Gwinnett County
Steve Pruitt	Chief Appraiser, Gwinnett County Tax Assessor
Lynn Smarr	Acting Director, Gwinnett County Water Resources
Nancy Stanbery-Kellam	Executive Director, Gwinnett County Libraries
Glenn Stephens	County Administrator, Gwinnett County
Rosanna Szabo	Solicitor, Gwinnett County
Charles Walters	Chief, Gwinnett County Police

## STAFF, CONSULTANTS AND VOLUNTEER FACILITATORS

Here are the staff, consultants and volunteer Work Group facilitators who contributed to Engage Gwinnett over its six-month process:

### Staff

Jann Moore	Program Director
Matthew Whitley	Performance Analysis, Gwinnett County
Joe Sorenson	Director, Gwinnett County Communications
Heather Sawyer	Public Relations Manager, Gwinnett County
Trent Bumgardner	Multimedia/Web Manager, Gwinnett County
Angela Smith	Administrative Support, Gwinnett County

### Consultants

Otis White	Civic Strategies, Inc.
Jon Abercrombie	Common Focus

### Volunteer Work Group facilitators

Mahuli Jakabek	Gwinnett United in Drug Education (GUIDE)
Nichole Love	Gwinnett Coalition
Gail Macrenaris	Gwinnett Chamber of Commerce
Joy Monroe	Single Parent 411
Marina Peed	Insights Plus, LLC
Ari Russell	Gwinnett United in Drug Education (GUIDE)
Nichole Wright	Gwinnett Chamber of Commerce

## RECOMMENDATION: 1 MILLION VOLUNTEER HOURS FOR GWINNETT

### Background

As we have discovered the wide variety of government services and programs within the Community Services work group, we are impressed with the significant leveraging of community volunteers within these program areas. For example, volunteers deliver about 20,000 hours each year within the Library System. In addition, the youth athletic associations and their programs are delivered completely with volunteers. Among our work group, we discussed and envisioned additional volunteer opportunities among the Library System, Parks and Recreation, and Health and Human Services. These discussions led us toward a broader, more audacious recommendation that transcends the Community Services area.

### Recommendation

Therefore, as we applaud these efforts, we also challenge the Board of Commissioners, the constitutional officers, and all county boards and authorities to consider a radical mind shift in the delivery of services. We challenge these leaders to consider an audacious initiative that extends these nascent volunteer efforts into a comprehensive volunteer engagement campaign that transcends departmental boundaries. Specifically, we call for a campaign to achieve 1 million volunteer hours per year to execute and deliver government services that are currently delivered by paid staff by the year 2015.

2010	2011	2012	2013	2014	2015
25,000	100,000	200,000	400,000	700,000	1,000,000

We envision a staged campaign that cultivates, develops and channels momentum toward the 2015 objective. We conservatively estimate that such an initiative could result in annual savings of up to \$25 million. We anticipate these savings will be realized through reduction of existing budgets and avoidance of future costs due to inflation or expansion of services. While in some isolated cases, this audacious expansion of volunteer hours may displace existing paid staff, we envision that the most common reality would be volunteers replacing paid staff positions as paid staff retires or other normal attrition.

We unapologetically recognize the audaciousness of this objective and the radical reorientation and refocusing of current paradigms that will be required to successfully achieve this vision. We acknowledge that dedicated, professional, long tenured public servants may perceive this as a threat to their livelihood. We acknowledge that citizens served by current approaches may be concerned about degradation of service and reduced access. We acknowledge that those in government leadership positions may perceive this as an unnecessary leadership task. We acknowledge that some may object based on the balance of short-term investment to long-term returns. We acknowledge the experts will deem this is without precedent and

therefore impossible. Indeed, we acknowledge there will be many real obstacles. However, to all of those, we introduce the invitation of explorer Ferdinand Magellan in 1520:

*The sea is dangerous and its storms terrible, but these obstacles have never been sufficient reason to remain ashore . . . unlike the mediocre, intrepid spirits seek victory over those things that seem impossible . . . it is with an iron will that they embark on the most daring of all endeavors . . . to meet the shadowy future without fear and conquer the unknown.*

Below we outline additional necessary elements of success and obstacles or objections we anticipate.

### **Essential elements of success**

To achieve this 1 million hours vision, County government must reorient its leadership and staffing models to elevate its capacity to:

1. Inspire incumbent leaders and staff to embrace this vision. Train incumbent leaders to develop core skills in leading volunteers.
2. Recruit, hire and train a new cadre of staff with core skills and experience in leading volunteers.
3. Identify and structure potential volunteer staff roles.
4. Recruit, train, empower, and reward volunteers.
5. Equip volunteers to effectively and efficiently deliver services.
6. Train and equip existing paid staff to effectively and efficiently integrate volunteers into their work. Develop appropriate reward systems for paid staff to recognize positive contributions to advancing this vision.
7. Navigate a maze of employment, privacy and liability legal issues that may retard this initiative.
8. Resource this campaign sufficiently.

We believe, by our own experience and observation, that there are numerous “best of class” models in leveraging volunteers to achieve organizational objectives. We commend the Board of Commissioners, constitutional officers, relevant boards and authorities, and County staff leadership to seek out these models, evaluate them, learn from them, and apply the appropriate principles to this campaign.

In addition, we acknowledge the significant volunteer initiatives that currently exist among a wide variety of community organizations from youth associations, the faith community, chambers of commerce, and civic organizations. We encourage the county to coordinate this campaign with those efforts, where appropriate. We believe there is much to learn from these organizations and potential synergies to be realized. We also believe that a “rising tide lifts all boats” and as the County pursues an audacious vision of community volunteering a shared value will be elevated among all citizens. New relationships will be forged and new ideas generated. The convergence of these things will result in more volunteers across all organizations, not just County government.

Further, we urge sufficient start-up investment capital be allocated to ensure appropriate systems may be developed to support the vision. Specifically, we envision data systems, registration systems, marketing initiatives, and social media assets must be developed to achieve this vision.

Finally, and importantly, we encourage the appointment of and authorize an appropriate leader for such an initiative. We envision that such a leader would report directly to the County administrator and would deliver



systematic reports directly to the Commission and constitutional officers on the progress of this campaign. We envision such a leader would, by virtue of his or her role, develop productive working relationships across Gwinnett County government, including the functions led by constitutional officers. We envision that such a leader must possess a broad and well developed set of skills to lead and administer such a campaign. Such a leader must have the leadership skills to effect enthusiastic participation from constitutional officers, department heads, various boards and authorities, while also possessing the relational savvy to ensure they enjoy the experience. He or she must be able to be obsessed with detail in one moment and nimbly champion the strategic vision the next. He or she must possess the proven capacity to lead change, and lead it well.

### Anticipated objections and obstacles

While we acknowledge there is much yet to discover, we anticipate people may raise the following objections and obstacles. We believe there are compelling responses to each.

1. **Volunteers will not be able to deliver as high a quality of service.** We reject this objection. Numerous organizations from Scouts and disaster-relief organizations to churches, synagogues and temples achieve seemingly impossible tasks every day with volunteer staff hours outnumbering paid staff hours overwhelmingly. Indeed, many of these organizations realize a degree of dedication and professionalism that is fueled by intrinsic, self-motivating factors that far surpass extrinsic enumeration.
2. **Volunteers are more difficult to lead.** We acknowledge this reality. However, we also believe that the benefits of an engaged citizen far outweigh the difficulties. We acknowledge that the skills required to lead a volunteer to accomplish a task are very different from the skills to accomplish the task. Therefore, as previously discussed, we commend the recruitment and equipping of existing and new staff with skills targeted toward leading volunteers to lead volunteers. As noted above, many organizations rely on volunteers as their principal human resource, so we know this is possible.
3. **Volunteers are not available during normal business hours.** While we acknowledge normal business hours constrain the pool of potential volunteers, we also see a rapidly aging population, one that possesses significant experience and wisdom. We believe this population is a primary target audience to achieve this vision. We also recognize the 24/7 nature of county government and highlight that there are all sorts of possible schedules for volunteers.
4. **Volunteers are restricted by training, certification, or policy.** We acknowledge that many staff roles appropriately and necessarily require specific training or certifications. However, our goal of 1 million hours represents approximately 10 percent of the total staff hours among County employees. We believe that 10 percent, while audacious, is achievable among staff positions that don't require such certifications or training. We also recognize many certifications and training are available for volunteers. In addition, we believe that many positions may be analyzed to find tasks that do not require such certification or training. Again, this will require a mind shift of great magnitude.
5. **Volunteers cannot have access to specific resources like computer systems.** Again, many things will have to be reconsidered. Volunteers will need access to database systems, computer systems, facilities and other County-owned assets. New policies, procedures, and systems will be needed to appropriately administer this access. For example, background checks and training will need to be

incorporated. Again, we point to the successful model of many other organizations that successfully navigate these obstacles every day.

6. **Volunteers won't have the same intrinsic motivation to volunteer for government as they do for their church, youth athletic association, or civic organization.** We reject this premise. Our nation was founded upon the selfless collaboration of people of good will to build a government of the people, by the people and for the people. We submit this vision is the very realization of that aspiration.

## RESOLUTION TO THE BOARD OF COMMISSIONERS

At its final approval meeting on April 23, Engage Gwinnett members unanimously approved a resolution to the Board of Commissioners recommending that the Engage Gwinnett process be used in future important community decisions. Here is the text of the resolution.

We the members of the Engage Gwinnett Citizens Committee on the Future of Gwinnett County, do hereby recommend to the Gwinnett County Board of Commissioners that Gwinnett County continue to inform, educate, and involve its citizens through the Engage Gwinnett process. The purpose is and shall continue to be to involve the community to assist County elected officials and staff in making decisions as they seek to protect, sustain, and promote Gwinnett County. The committee has and should continue to seek common ground, workable solutions and compromises as necessary to offer recommendations for the greater good of the community.

## CONCURRING OPINIONS WITH QUALIFICATIONS

On April 13, Engage Gwinnett members voted unanimously to take the Engage Gwinnett report to a citizen outreach session for public comment. While doing so, some members expressed concerns about specific recommendations or topics they felt were omitted. To use a legal term, they “concurred” with the report overall, but had qualifications (or concerns) about some specific items.

Below, we have listed the qualifications that individual Engage Gwinnett members expressed. In the following section, we have made room for more detailed disagreements or dissents by individual Engage Gwinnett members.

Qualification	Engage Gwinnett member
I agree with the report, except for the recommendation that the County call for a local-option sales tax referendum, because I believe a sales tax is regressive, too volatile for supporting operating expenses and shifts the tax to non-profits and churches that are exempt from ad valorem tax.	Norwood Davis
I disagree with the Planning and Development recommendation that we “not outsource” certain services.	Chuck Warbington
We believe we should clarify the wording on the “declining digest” scenario that prioritizes a tax increase as a last resort, after exhausting all other recommendations.	Chuck Warbington Charles Swain
We should focus on innovation by accelerating the work of the Performance Analysis Department through the entire Gwinnett County government organization. We should also make sure this department reports directly to the Board of Commissioners.	Keith Shewbert Charles Swain Renee Byrd-Lewis Jose Perez
We should clarify in the Executive Summary (the last paragraph) the alignment of “commercial” development with the Unified Plan 2030 and Partnership Gwinnett with a strategic emphasis on high-wage jobs.	Renee Byrd-Lewis Jose Perez
There is no discussion in the report of LOST II, a proposal before the Georgia General Assembly that would allow counties and their voters to enact a 1 percent local-option sales tax whose proceeds would be equally divided between property tax relief and operating expenses. As it is proposed, LOST II would lessen the volatility of a straight or pure local-option sales tax.	Kelly Kelkenberg

## DISSENTING OPINIONS

Some Engage Gwinnett members had substantial disagreements with parts of the Engage Gwinnett report. Here are their written dissents.

### Keith Roche

I would like to begin by saying that it has been a privilege to have been a member of the Engage Gwinnett Citizens Committee. It has afforded me an opportunity to see and learn about the inner-workings of our county government at a level that most citizens will never experience. Two things stand out in my mind when I reflect upon the last six months. First, I am impressed with the caliber and professionalism of the county employees. They clearly take a great deal of pride in the services that they provide to the citizens of Gwinnett. Secondly, I am overwhelmed by the dedication and talent of the Engage Gwinnett Committee members. Even though there are issues on which we don't always agree, I have the utmost respect for each and every member and their opinions.

For the most part I am in agreement with the report that we are submitting to the public and the Board of Commissioners. There is however one issue to which I am strongly opposed. There are also some items that I question. My primary opposition involves the proposed tax increase. No matter how small it is, it will be a serious burden on many of the property owners in this county. Therein lies my concern. We have a huge number of property owners who are unemployed. We have an even larger number who are under-employed. Today they are staring at a tax bill due in May from the most recent millage rate increase. We have citizens who will be making a choice between basic necessities and paying a tax bill. Unfortunately, government has the authority to force them to pay the tax bill first. I realize that a tax increase is always an option for the Board of Commissioners, but I don't think that it should be a part of the Engage Gwinnett Committee recommendations when I feel that we have not exhausted all opportunities to reduce costs or increase revenues through user fees.

At the March 31<sup>st</sup> meeting we were discussing the "Status Quo" recommendations and the "Declining Digest Scenario" proposals. There was discussion regarding salary reductions. A number of \$2,195,000 was quoted as representing a 1% reduction in salaries for county employees. We were told that this number did not include the employees of Constitutional Officers. I have since learned that the employees of Constitutional Officers are, in fact, included.\* In addition to the \$2,195,000, an additional sum (approximately 30%) could be added which includes the benefits that are paid by the county for each employee. The 30% represents an additional \$658,000 which brings the total to \$2,853,000 for each 1% of salary reduction. I'm not advocating any particular number in terms of a percent of decrease, but if a 10% reduction was implemented, it would total approximately \$28,530,000.

The median salary for a county employee is \$44,000.00. There is a recommendation being presented that reduces salaries of all employees who are earning 150% of the median by a 10% reduction. Translated that means that county employees who are making \$66,000.00 or higher will have their salaries reduced by 10%. Many members of the committee, me included, are concerned about cuts to employees who are at the lower end of the pay scale. However, using the formula above will not generate enough savings. Therefore, a

graduated scale, across the board, could be implemented to cushion the impact on those employees at or below the median level. My concern is that if we aren't aggressive enough in the beginning, the county will ultimately have to eliminate jobs as the tax digest continues to decline. I realize that this could create a "talent drain" if employees decide to seek employment elsewhere, but that is a chance we will have to take.

In addition to salaries, there are opportunities to save operating funds with benefit packages. Employees hired in 2007 and prior are eligible for a defined benefit package that is quite lucrative. I think that a study needs to be made that looks at these plans and makes recommendations that are fair to both the citizens and the employees (both retired and still working). I am in no way advocating that these plans be striped, but retirement plans have become "an albatross" for all governments at all levels. It is strongly felt that these plans are no longer sustainable. Government needs to follow the lead of the private sector and amend benefit plans to require more employee participation. There was a time when government salaries were not on a par with the private sector. Lucrative benefit plans were used to attract talent. Today, salaries for government employees are extremely competitive and the benefit plans continue to be superior to most plans in the private sector. There is an opportunity to align these plans with those in private businesses and still keep government careers attractive.

Finally, before any property tax increase is even discussed, all of the "Declining Digest Scenario" recommendations need to be implemented. The Engage Gwinnett Committee was asked to make two sets of recommendations; "Status Quo" and "Declining Digest Scenario". At this time, I don't think there is anyone on the committee who believes that the tax digest will not continue to decline over the next few years. That being said, I question why we are even submitting "Status Quo" recommendations. This would not be an issue if there wasn't a recommendation for a tax increase. If there is concern on the part of the committee that the "Declining Digest Scenario" recommendations may not accomplish our goals, then we shouldn't even be wasting our time with the "Status Quo" recommendations.

Property owners are an "easy target" for government when it comes to raising revenues. Frequently property owners are paying for services that they aren't even using (libraries, parks, transit service, etc.). It is time for government and the citizens to make critical decisions regarding the services that the county should be providing verses the services that are "nice to have". A small millage rate increase may not appear to be a huge burden for property owners, but when that increase is coupled with what will inevitably be coming from the State and Federal Governments, it will surely place a hardship on many families and small businesses. It is time for all government at all levels to provide only essential services (a subjective term) and to stop trying to be all things to all people.

*\* At the April 13<sup>th</sup> meeting I made a statement that implied that the Constitutional Officers needed to do their fair share regarding operating expense cuts. My comments were predicated on the premise that their departments were NOT included in the \$2,195,000 that represents a 1% salary reduction for county employees. This was discussed at the March 31<sup>st</sup> session. On April 15<sup>th</sup> I learned that they were, in fact, included in that number. At the April 13<sup>th</sup> meeting I didn't do a good job of explaining my position and ultimately implied that the Constitutional Officers had not participated in the budget cutting process. At the time I was under the impression that we had arbitrarily omitted them from the process because they could not be forced to comply with BOC budget cuts. It is my understanding that the Tax Commissioner and the Judges both made cuts in May of 2009 when all other departments were required to reduce their operating budgets by an additional 9%. I am unclear about the status of the remaining Constitutional Officers. I want to apologize for my error and my lack of clarity.*

## Dick Goodman

### Dissenting opinion re declining tax digest

*Revenue source recommendation for a tax increase.*

I feel that a tax increase should not be among the recommendations proposed for the “declining tax digest scenario.”

A tax increase is always on the table for the county commissioners. They do not need an endorsement for one from a group whose mission was to find operational savings and provide innovative sources of revenue. A tax increase would represent a return to old thinking when at this time we need new ideas.

While a tax increase would have been justifiable or palatable before the onset of the current recession, it is not now. Although some people have seen their tax bills decline as a result of the recent reassessments, most are substantially poorer, or less wealthy, than they were before the onset of the current recession. Many are still facing high mortgage payments and/or lower income. Unemployment is still high, and is expected to remain so for far longer than has been typical of past recession recoveries. A tax increase in this scenario is as inappropriate as was the one rejected in June 2009 and the one that was unfortunately approved in December 2009.

The logic for a tax increase is, of course, grounded in the incredible shrinking tax digest. But this declining tax digest, which reflects real property devaluations, actually represents a return to realistic property values before they were artificially inflated by the real estate bubble of the middle of this decade. Instead of justifying a tax increase by citing this decline, the decline, or readjustment to real values, should be justification for returning service levels to the level they would have been had Gwinnett County not seen its tax digest artificially inflated by the real estate bubble. The decline in the tax digest should be an opportunity to adjust services and service levels, not to increase the tax rate to restore revenue levels, which were as high as they were only because of the inflated real estate bubble. It's time to get real.

### Dissenting opinion re Local Option Sales Tax (LOST)

*Revenue source recommendation for a LOST.*

It has been acknowledged that a LOST would not increase county tax revenue since the money collected would reduce county property taxes by an equal amount. The rationalization for including it as a recommendation is that a LOST would collect money from a broader base of payers than the property tax, which, of course, is collected only from property owners. It is assumed in the logic of the recommendation that the LOST would collect money from renters who do not pay property taxes, at least directly. But rents, of course, reflect the property owner's costs, which include property taxes, so renters do pay such taxes, albeit indirectly. Another group that will end up paying through a LOST would be those who live outside of Gwinnett but come to the county to shop and buy and obtain certain services. Currently Gwinnett is one of only a handful of Georgia counties without a LOST. Once that distinction is gone, and our sales tax rate is equal to that of our neighbors, how likely is it that the same number of people will continue drive across the border into Gwinnett to shop?

But the main problem with a LOST is that it, like all sales taxes, is very volatile. In fact, if Gwinnett already had a LOST, the recession induced decline in retail sales that we've already seen, and which is has already reduced SPLOST collections, would have resulted in a LOST tax receipt decline even deeper and faster than that of the property tax digest.

Also, as the county's attempt to push its LOST II plan through the state legislature this session showed, the county would not be content with a traditional LOST, but prefers a version in which property owners receive only half the property tax relief, with the county collecting the other half as increased revenue. In other words, it is a tax increase. Recommending a LOST, would not increase revenue but would allow the nose of the camel into the tent. We would ultimately have the whole camel, or LOST II, which would represent a real tax increase with minimal property tax relief. And what future would there be for SPLOST with a LOST already added to the total sales tax. Meanwhile it is possible the State will impose a TLOST (transportation LOST) for the entire metro Atlanta region. Taxpayers would ultimately revolt against this piling on of penny sales taxes.

### **Dissenting opinion re Gwinnett County's Financial Situation**

*How did we get here?*

As recently as 2008 there were clear signs that development in the county was slowing. It didn't yet look like a full-blown economic disaster, but property tax revenue was predicted in the county's 2008 budget to be lower than the prior year. Despite this, the 2008 budget called for increased spending, with a budget gap of about \$37 million. The commission had a golden opportunity to fix the problem for that year and for years to come. But it took a pass.

The BOC could have reduced spending, which might have meant cuts far less severe than those ultimately imposed, or proposed a modest tax increase. In early 2008, the value of people's homes and investments hadn't yet tanked. Taxpayers might have yawned at a millage rate increase. But 2008 was an election year for several commissioners, including the chairman.

So instead of cutting spending or increasing taxes, either of which might have provided election fodder for opponents to commission incumbents, the BOC punted. It filled the budget gap with funds from the reserve fund. No muss, no fuss, and everybody wins. That is, everybody on the commission wins re-election.

Failing to appropriately respond to the budget gap when it had the chance, in 2009 the commission decided to recommend, and ultimately impose, a tax increase in the midst of the worst economic decline since the Great Depression. Part of the rationale for this tax increase was to 1) expand county police coverage into incorporated cities, 2) fund the opening of already built firehouses and a library, and 3) to replenish the reserve fund. The extension of county police coverage into municipalities that already had quality police services was an unnecessary, unwanted and expensive expansion of services; the new fire and library facilities should not have been built in the first place since a revenue decline was already anticipated, and the reserve fund needed replenishing because it had been used by the BOC to avoid imposing spending cuts or timely tax increases. It is unfair and inaccurate, therefore, to suggest, as the draft report does, that the current crisis was a consequence of citizens' unwillingness to accept a tax increase. It is a consequence of the BOC of failing to exercise leadership and make the necessary tough choices in a timely manner.



## **Dissenting opinion re the fulfillment of the Engage Gwinnett mission**

### *Did we achieve our goals?*

Our mission was to identify those county services that are essential and those that are luxuries. We did not do that. In the end, we essentially decided that everything was essential, and then attempted to find ways in which savings could be realized in each of these areas or ways to raise revenue to continue to support those services and service levels. We spent much of our effort and time “nipping and tucking” how services were delivered or paid for, as if we were simply altering an ill-fitting suit.

### *Were we up to the task?*

I believe we all, from our co-chairs to the facilitators, county staff and each of the 42 committee members, entered into the process with the best of intentions and were committed to serve their fellow citizens. However, I believe that, as a group, we were ill equipped to accomplish the assigned mission.

Although county staff was available to answer questions and provide the information we requested, the body of committee members lacked the expertise to actually know what questions to ask and what information to request. And, although I have no doubt we were provided with everything we asked for, I’m not at all confident that what we asked for was actually what we needed. Even if it was, in many instances, we lacked the expertise to recognize what we had.

Also, the makeup of the committee itself was, in a way, ensured that we could not accomplish our mission. It did seem logical and it was fair to have every possible interest group represented on Engage Gwinnett. But this also meant that every service had a constituency present in the process to defend it. Even without that, as citizens we all had a vested interest in many, if not all, of the services we were tasked with evaluating and possibly eliminating. So, in addition to lacking the expertise, we also lacked the objectivity necessary to do the job.

### *Mixed messages*

On top of that, the committee listened to several presentations that emphasized the importance of Gwinnett remaining competitive with other communities in metro Atlanta and elsewhere around the country. We heard of the importance of maintaining quality services if Gwinnett was to be an international gateway that could attract businesses and talented, educated employees. So while we were tasked to look for ways to make cuts, we were warned of the potential risks inherent in making those cuts. But the situation we are dealing with, and the challenging we are facing are not unique to Gwinnett. Virtually every community in the nation is facing the same challenging. It’s not like Gwinnett County is the only community in the nation having to make hard choices. The communities we are currently competing against for business and workers are asking the same questions. It’s very possible that we could make severe cuts, or even eliminate services without losing our competitive position.

### *Worst case cuts.*

Ultimately, it took the challenge of an additional task, i.e., consider the possibility of an additional 10% decline in the tax digest, to get us to consider any serious cuts. And even at that point we were hard pressed to target specific services for elimination or for serious cuts in any service’s level of delivery. Almost immediately, cuts to anything related to public safety were taken off the table because every function of fire,

police, and EMS, as well as the sheriff's office, were assumed to be unquestionably essential and any reduction in their funding or function would comprise public safety.

Few options remained. Across the board cuts in compensation, although reluctantly accepted in a watered down form, met resistance from many who believed the county would lose valuable human assets, particularly in the areas of public safety. Where unhappy county employees would go in a depressed national, actually global, economy was never really explained. Engage Gwinnett members seemed reluctant to expose their public servants to the same economic deprivations that many citizens in the private sector were already experiencing.

The Community Services group, which was looking at the library system and parks and recreation, among the few areas that could not be considered "critical," offered up those two areas for sacrifice before the alter of budget cuts. It was both a sincere effort to meet the challenge and an attempted wakeup call to the other study groups. The Community Services group recommendations included extreme cuts to the library budget together with concrete ideas on how the system might operate with a dramatically reduced budget, and proposals ranging from user fees, to facility closings or privatizations for parks and recreation. For other services, the responses to even the worst case scenario sounded as if they originated with Congressional Budget Office with suggestion that savings could be realized from greater use of "technology;" calls for the services themselves to increase revenue or reduce costs; or for department heads themselves to identify possible areas for salary or staff reductions.

*Worst case may be even worse.*

While questions still remain about whether we are already into the worst case scenario as a result of the declining tax digest, or it's something looming over the horizon, another shock may still await us. Not considered in our deliberations was the very real potential impact of the still ongoing litigation between Gwinnett County and its 15 municipalities over a Service Delivery Strategy (SDS). If the cities prevail, which is a possibility, the county may see its tax revenue reduced by an additional \$10 million to \$30 million per year, depending on the court's ruling. At the high end, this is almost equal to the dire \$34 million decline in property tax revenue resulting from a 10% decline in the tax digest. At a minimum, \$10 million, it's a significant hit that would make our worst case scenario look optimistic.

I believed at the start of this process that we would be successful if at the end, the citizens of Gwinnett County would look at the recommendations of each of the Service Area study groups and say, "Oh my, that's terrible." Then, about a month ago, I was certain, that the reaction would instead be, "Is that all you came up with?"

Last summer, in response to the rejection of the county's proposed tax increase, we saw major reductions in library and park services. As noted in the report document, citizens reacted angrily. Ultimately, the citizens took the bait and meekly accepted a tax increase.

I now believe Engage Gwinnett will be remembered for delivering, after 2,058 hours of work over five months, a proposal that citizens already rejected---significant cuts to their beloved library system and parks. I think they'll look at it and say, "Oh my, that's terrible. Is that all you came up with?"

## **Bob Griggs**

I have enjoyed my participation on the Engage Gwinnett committee and the new relationships that have developed. I hope that I contributed to the effort in a positive way. I have great respect for the other members and, in particular, the co-chairmen, sub-committee heads and facilitators who devoted an incredible amount of time to ensure that our effort produced value.

The people of Gwinnett County can be confident that the committee members gave their best effort; that all relevant constituencies were represented; and that all had sufficient opportunity to be heard and to contribute to the final product, our recommendation to the County Commission.

No endeavor of this magnitude, however, can be perfect in its process nor in its product. My “dissent” is not offered to disparage the committee's effort nor solely to highlight the deficiencies of our final report, but to understand the factors that contributed to the present financial difficulties; to describe some of the opportunities that I believe we missed; and to offer examples of ways that our effort could have been improved.

## **A New Way to Govern**

I consider the current economic woes not a travail to be suffered, but an opportunity to be exploited. Even if out of necessity, we have an opportunity to remake our county government into a leaner, more efficient entity.

Our county is evolving; change is inevitable. We must accept that simply “getting by” for the next five years will not be good enough. A new way of thinking is critical to our community's survival, as it will be many years before our local economy returns to any semblance of its former vitality, if at all.

Remaking government will require innovative thinking by our county professionals and bold leadership by our elected officials. More importantly, it will require engagement and action on the part of the citizenry, both in the council chamber and in the voting booth.

We must proceed with this truth in mind-- it will be easier to fail than it will be to succeed.

## **Spending**

Many potential cost reductions were not discussed in sufficient detail to be included with appropriate emphasis in our recommendation. For example, there was no meaningful group-wide discussion of salary cuts or the revision of pension benefits. A session in which the full committee discussed spending issues that spanned departments like these would have been beneficial.

There was little discussion of the county's accrued liabilities (primarily pension benefits), totaling around \$300 million, and the fact that, like local and state governments across the nation, a failure to fund those liabilities could have dire financial consequences. The county has taken action to mitigate this obligation going forward, but a more meaningful discourse on this topic may have prompted a recommendation regarding budgeting for this ongoing expense and the renegotiation of current obligations to reduce the county's unfunded liabilities. (For more on this topic, see “Breaking Trust” later in this dissent.)

Also, we may have held some spending to be sacrosanct, “off limits,” when all facets of county government should be subject to the same cost-cutting. There has been hesitation to include the budgets of the constitutional officers in our efforts to establish appropriate service levels. While the constitutional officers provide very important services to county residents, we must remember that their services are funded by tax dollars just like almost every other public service. Their budgets should receive the same level of scrutiny as the other departments and, when necessary, be subject to appropriate reductions in funding.

### Indirect Spending Reductions

The sub-committees spent many hours discussing direct spending cuts and efficiency improvements, but generally failed to examine the benefit of *indirect* cost-saving measures-- policies that the Commission should adopt to reduce the burden on public services and, thereby, reduce the cost to provide those services.

The committee did not consider, for example, the drain on public resources by illegal immigrants. Gwinnett is reported to have the largest immigrant community in the southeast. It is reasonable to conclude that, given national trends and the number of illegal aliens processed by the Sheriff's Department in recent months, a significant percentage of those individuals and their dependents are here illegally and therefore ineligible to receive most if not all public benefits.

And yet, receive them they do. From taxpayer-funded medical treatment in emergency rooms to taxpayer-funded services provided by the schools, illegal immigrants constitute a significant drain on public resources.

The 287(g) program, by which the Sheriff's Department processes illegal alien arrestees for transfer to federal custody, is a politically popular, yet costly and very inefficient method to reduce the number of illegal immigrants in the county.

First, the program does not come into play until *after* the illegal alien has already incurred a cost to the taxpayer. We pay the police officer to make the arrest and buy the car in which the arrestee is driven to jail. We pay the jailer to process the illegal immigrant and pay for room and board until the detainee is picked up by federal authorities.

It would be much wiser to implement policies that reduce the number of illegal aliens in the county *before* they come into contact with the government, especially when such a policy can be implemented with little cost to the government or to the private sector.

Second, 287(g) does nothing to identify and remove *the dependents and relatives* of illegal aliens, who are usually here illegally themselves.

As an alternative or in conjunction with a scaled-back 287(g) program, the Commission should require all applicants for a business license or renewal to enroll in E-Verify (a free federal program) for the verification of the employment eligibility of its new hires. Failure to maintain enrollment in E-Verify would result in the suspension or revocation of the license.

By requiring employers to verify the employment eligibility of their new hires, the Commission can virtually eliminate the primary attraction for illegal immigrants-- jobs.

The Commission should also require entities receiving any public monies (hospital, non-profit organizations, economic development partners, etc.) to enroll in E-Verify as well.

## **Revenue**

The funds to pay for government can come from several sources— licenses, fees, fines and penalties, user fees and service charges, as well as interest on reserves and investments, borrowing or the sale of bonds. The shortfall, if any, must be covered by property taxes and/or sales taxes. The more non-tax revenue that is collected, the fewer tax dollars that must be collected from you and me.

Our lengthy discussions of acceptable service levels and operational efficiencies left little time for a proper examination of public revenue and its sources. I take issue with the final paragraph of our report's "Executive Summary" which makes it appear that our deliberations regarding revenues resulted in two primary conclusions: that the county must encourage commercial development and that we need a Local Option Sales Tax.

While I support the concept of a sales tax, a survey of committee members found that we considered a sales tax only slightly better than a millage increase to address a hypothetical shortfall in revenue. There was certainly no consensus on a sales tax that warranted its emphasis in our final report.

Further, while there was information presented that showed an unhealthy ratio of residential to commercial value in the tax digest, and while I agree that an unbalanced tax digest is a problem, I recall no meeting in which a majority concluded that a solution to the county's economic problems would include promoting commercial development.

The final paragraph of the Executive Summary seems more like the report drafters' wishful thinking or a predetermined result than a fair description of our conclusions regarding revenue.

Finally, the last sentence insinuates that we gave meaningful consideration to the many ways to diversify revenue sources and "spread the cost of government around." In my opinion, we did not. In addition to spending restraints, diversification of revenue sources is key to our economic recovery; we should have discussed ways to achieve it in greater detail.

### **Impact Fees: Growth Paying for Itself**

Had we given the topic of revenue more consideration, we may have discovered ways to increase revenue without adding to the taxpayers' burden. One proven source of non-tax revenue are impact fees on new development. Impact fees are charged to pay for the new public facilities required to serve new growth. With impact fees, a portion of the cost of new infrastructure is paid by the residents who *created the need* for the infrastructure and who will be the most likely to use the new facilities. Look at impact fees as a "user fee on growth."

Gwinnett County does not have an impact fee program. Actually, the county *did* adopt impact fees in the early 1990's, but most of the program was rescinded by Wayne Hill and a more "development-friendly" Commission within months of his taking office.

That decision cost the county tens of millions in revenue. Had Gwinnett County charged an average impact fee of \$1,600 on every new single-family housing unit permitted in 2001, \$13.5 million would have been generated for public facilities; in 2002, another \$13.1 million.

With an impact fee program, growth could have helped to pay for itself in emerging eastern Gwinnett, freeing Special Purpose Local Option Sales Tax (SPLOST) dollars to build and renovate public infrastructure in

established areas of the county where the population was increasing but significant new construction was unlikely.

Just like the citizen committee of the early 1990's, an impact fee advisory committee on which I served in 2007 recommended that the County Commission promptly adopt an impact fee program. To date, the Commission Chairman has failed to act on our recommendations. In fact, Chairman Bannister has stated, erroneously, that the 2007 committee recommended *against* the fees, probably because we were never allowed to formally present our report and Bannister has probably never read it.

Despite the economic downturn, an impact fee program remains a viable method for paying for public infrastructure. The Bannister Commission's refusal to implement an impact fee has already cost the county tens of millions. Our Commission Chairman must drag his feet on impact fees no longer.

### **LOST or LOST-2 ?**

Another key element in the diversification of revenue sources is the Local Option Sales Tax, also known as the "LOST." Adopted by the State Legislature in 1975, the revenue from the penny sales tax is used to reduce the property tax rate "dollar for dollar." Gwinnett is one of only three among the state's 159 counties that has not enacted a LOST for the benefit of its property owners.

Although our report mentions a sales tax generally as part of an overall solution, we failed to fully analyze and emphasize the value of this potential revenue source. We also failed to explain what is a LOST and why it would be part of our recommendations.

There was apparently no imperative to discuss the LOST in detail because the tax as currently configured is not a source of additional revenue for the government. I believe that it was short-sighted on our part not to give the Local Option Sales Tax a more prominent place in our report.

### **The Benefits of LOST**

The primary purpose of the Local Option Sales Tax is property tax relief. While a LOST does not produce additional *direct* revenue, it has great indirect benefit for both government and taxpayer.

A LOST shifts a portion of the cost of government away from the property owner and to those who use government services but do not pay for them-- out-of-county residents, renters (to an extent) and boarders, both legal and illegal, to name a few.

A sales tax, of all taxation, is considered least harmful to growth, an important component of our economic recovery. A sales tax also serves to diversify the local revenue base, thereby minimizing the adverse effects of relying heavily on any one tax and making the tax structure more flexible and responsive to changing local economic circumstances, legal challenges, or political actions. A sales tax does not, as some critics argue, make the government dependent on a more volatile revenue source as the fallback in times of low sales tax collections is the always reliable property tax.

Finally, a sales tax can provide property tax relief by totally preempting a tax hike. When it does not, the sales tax can make a property tax *increase* more palatable (or even eliminate its dollar cost to taxpayers) when the tax digest decreases, or the cost of government necessarily increases and all non-tax revenue alternatives have been maximized.

**“LOST-2”**

An attempt by Chairman Charles Bannister to modify the current law was presented in the State Legislature in 2009 by Rep. Clay Cox. “LOST-2” gained no traction and took its last breath earlier this year when it failed to receive the support of a House committee.

Under Bannister's proposal, *only half* of the sales tax collection in any year would go to reduce the millage rate. The other half would be “free money” to be spent by the county (and, I suppose, by the cities under the required sharing agreement) for general operations.

A LOST-2 would be a tax increase on property owners; plain and simple. Think about it-- the “free money” must come from somewhere... it cannot be created out of thin air. It is estimated that approximately 60% of the sales tax would be paid by Gwinnett residents, many of whom would be property tax payers. Over half of the additional revenue would therefore not be fully offset by the reduced millage decrease and would come out of the property owners' pockets.

A LOST of any flavor must be approved by the voters. Given the appeal of the current LOST law, voters would be crazy to approve LOST-2 and the politicians were, in my opinion, foolish to suggest it.

Had the county had a LOST in place last year, the tax increase may not have been necessary. Had Bannister pursued a “LOST-1” in 2009, it could have been approved last November; collections could have begun this year and property owners could have received a substantial tax cut in 2011 and subsequent years. As it is, Bannister's push for a modified LOST has put us at least two more years away from meaningful tax relief.

A sales tax is not without its shortcomings. The tax is believed to be “regressive,” meaning that lower income individuals pay a higher percentage of their income in tax on necessities. Likewise, higher income earners are more likely than lower wage earners to spend their money on goods and services that are not currently taxed. A modification of the current LOST law could make the tax less regressive by exempting groceries and other essentials from taxation.

Studies have also shown that a sales tax, in addition to tax relief, can actually fuel an increase in spending. A LOST (and, especially, a LOST-2) partially relieves the politicians of the responsibility to keep government spending in check. As always, however, it is the responsibility of the populace to monitor the cost of its government, regardless of from where and how much revenue is derived. (Incidentally, a LOST-2 would guarantee more government spending.)

**No Tax Increase**

I strongly disagree with one aspect of our “Major revenue recommendations...”, that being a property tax increase. Even if the Commission followed our “declining digest” recommendations in total, it will have failed to exhaust all cost-cutting and revenue-producing options available to it. In other words, there is much more that can be done before a property tax increase becomes inevitable. A tax hike in the near future would, in my opinion, be evidence of the County Commission's failure to lead.

Our report should acknowledge that another tax increase is a possibility, but it is inappropriate to include an increase as an option. This committee should not recommend a property tax increase under any circumstance.

### **Who Is to Blame?**

Our final report accurately describes the general circumstances that brought us to the point at which we are today. It appropriately asks the question, “How could a County government that had gradually reduced its millage rate for so many years suddenly have to raise its millage rate in late 2009?”

Our report fails to answer the question truthfully, however. The Executive Summary opines that the tax increase was a consequence of the recession and the natural slowing of growth. By omission, however, it absolves the elected officials of responsibility for lapses in judgment and willful acts that, today, limit our options. By failing to fully identify the causes of the present discomfort, we have missed an opportunity to provide a firm foundation for our future recovery.

There is plenty of blame to go around for Gwinnett’s financial crisis. You can begin with a pro-growth Commission that, upon taking office in the early ’90s, placed no meaningful constraints on the pace and quality of development. That same Commission rescinded the county’s newly-enacted impact fee ordinance, thereby denying the county hundreds of millions in non-tax revenue.

Ten years ago, the County Commission was warned about the consequences of unmanaged growth. A 1999 study of multi-family housing (apartments, condominiums, townhouses) found that higher-density development places “great demands on water and sewer facilities, schools, transportation networks, police and fire protection,” and that “too many units in one area can have adverse impacts, particularly on the... school system.” The study recommended limiting the number of multi-family dwelling units to a ratio of one for every four single-family homes.

The 1999 Commission refused to adopt the ratio. As a result, by 2002 the areas around Norcross and Berkeley Lake had reached **a 1-to-1 ratio** with the Lilburn and southwest Lawrenceville areas soon to follow. The glut of multi-family housing not only created a greater demand on many public services, but the transient nature of apartment dwellers produced turnover rates as high as 65% in some schools.

You can fault Gwinnett’s state legislators for approving tax digest-depressing measures like the Value Offset Exemption, never understanding how the politically-popular tax breaks would ultimately result in higher tax rates for everyone.

You can assign additional fault to the current Commission for failing to capture non-tax revenue sources like impact fees; for failing to aggressively respond to the ever-increasing drain on public services by ineligible recipients; and for initiating the practice of adopting deficient tax rates despite the resultant depletion of the county’s financial resources.

### **Under-Taxation?**

“Deficient tax rates”? Am I saying that Gwinnett property owners have been *under-taxed*?

Finance professionals reportedly warned the Commissioners as early as 2000 that growth was slowing; that the cost to maintain facilities and services was increasing; and that, absent aggressive action to reduce costs or increase revenue, the county would face a financial crisis.

The previous administration did little in response. Even worse, the Bannister Commission has, since 2005,



hidden and even exacerbated the financial crisis by adopting property tax rates that failed to fully fund the budget.

In 2005, the finance staff recommended an increase in the Maintenance & Operations (M&O) millage from 10.14, the previous year's rate, to 11.322, which was the mathematically correct rate. The Commission instead adopted 10.14 mills. Although the county had budgeted for \$25.9 million in property tax revenue, the millage rate approved by the Commission reportedly generated only about \$23.2 million-- 89% of and \$2.7 million less than the amount required.

Most likely, the Commission avoided a draw on reserves that year and possibly 2006 when it dissolved the special tax district for fire services and combined the M&O rate and the Fire District rate into one. By merging the Fire Fund into the general budget, the Commission gained access to tens of millions in surplus funds.

The Bannister Commission continued to adopt deficit rates every year until 2009. In 2007, the Commission drew \$19.6 million out of reserves to compensate for the deficit tax rate. In 2008, the draw was \$36.3 million. Making matters worse, the Commission actually *lowered* the total tax rate in 2007 (to 11.08 from 11.30) and 2008 (from 11.08 to 10.97) even as they depleted the county's reserve fund.

A tax rate reduction is great if it represents the actual cost of government services in a conservative and efficient budget where non-tax revenues are maximized. When politicians manage the cost of government services, they can pass the benefit of a growing tax base to their constituents in the form of a lower tax rate.

An artificially low rate, on the other hand, has an additional hidden cost. Because the deficit must be covered by cash reserves, the interest on those reserves-- cherished non-tax revenue-- is lost for future years. The loss of any non-tax revenue forces unimaginative politicians to rely more heavily on the property tax. Further, spending down the reserve fund not only jeopardizes the county's bond rating (which influences the cost of borrowed funds) but also limits our ability to respond to *actual* emergencies like the recent floods.

The Commission adopted deficit rates for no sound financial reason, but solely to avoid the political consequences of "raising taxes." It is a deception for the Commission to adopt the previous year's rate or even a lower one when an increase is appropriate. Artificially lowered tax rates lull the taxpayer into complacency and a false sense of security. As the County Commission lowered the tax rate each year, you probably assumed that all was financially well in your county. You were probably shocked to see the county's finances go from *so good to so bad... so quickly*.

The adoption of the mathematically-correct rate in 2005 would have been a wake-up call; an indicator that the county's financial situation was changing. You would probably have been motivated to demand fiscal accountability from your elected leadership, as you did this summer. Instead, you were deprived of the information that you needed to evaluate your elected officials' ability to control the cost of government. In essence, the declining state of the county's financial affairs were hidden from you.

Consider how much better prepared we would have been for this year's economic downturn had our County Commission reacted five years ago by cutting costs and, if necessary, raising the tax rate.

Last year, the Commission was forced to face the music for its failure... but you were forced to pay the bill.

## But a Tax Increase?

Is raising the millage rate to a mathematically-correct level a “tax increase”? It isn't if the Commission can justify every expense and has maximized the generation of non-tax revenue— in that case, the tax rate represents the true cost of our county government in relation to the value of all taxable property within the county.

## How This Happened

The logical question is... how can a County Commission set a tax rate that has no mathematical connection to the budget?

A flaw in state law allows a taxing authority (city, county or school board) to adopt any tax rate that it can get away with. Unconstrained by law, the Commission could adopt a tax rate that satisfied a *political* purpose (reelection) rather than the appropriate financial one. Under current state law, the Bannister Commission could drive its county toward financial ruin, all the while covering its deception *with decreasing tax rates*. [Source: MillageRate.com]

Our final report does not include a recommendation that the State Legislature be asked to enact legislation requiring taxing authorities to “do the math,” but it should. Until the law is corrected, Gwinnett taxpayers should demand that the Commission enact a policy requiring a mathematically-correct tax rate that takes no more-- *and no less--* than is required to fully fund a conservative budget.

## “Breaking Trust”

Our report includes a recommendation that, in the event of a declining digest, one-half of the \$51 million in revenue from the 2009 tax increase (being collected now) be used to fund any revenue shortfall with the other half being held in reserve for any future emergency.

You might ask, “Isn't the tax increase being used to fund 58 police officers, the opening of three fire stations and to pay the light bill at the ballparks among other stuff, like we were told in November?”

In a word, no. Even before last year's public hearings on the millage increase, at which the county finance staff claimed that the increase would restore cuts made earlier in the year, plans were already in the works to pay the money toward reducing the county's \$300-plus million accrued liabilities. We were not told that the items used as justification for the tax increase-- the fire stations, police officers and such-- had *already* been moved into the 2010 budget!

The Engage Gwinnett committee had also been told that the tax increase would restore service cuts. At the first meeting *after* the tax increase was approved, however, we were informed of the new plan to spend the money.

My initial question was, “If the revenue from the tax hike can so easily be diverted to a different purpose, was the increase necessary at all?”

While acknowledging that the county's growing future liabilities is an issue to be addressed, several committee members have insisted that the tax increase revenue be used for the purpose by which it was sold to the

public-- maintenance and operations (M&O). We reasoned that, to paraphrase a Biblical phrase, the ox was in the ditch *this year*. It would be inappropriate, we thought, to stick the taxpayers with the service cuts for which they thought the tax increase had been assessed to avoid, just to begin paying on a future obligation. 2010 just isn't the year to pay down accrued liabilities.

Moreover, the taxpayer had accepted the tax increase on the promise that it would be used to restore needed services. To do anything else would be to violate the public's trust.

I oppose the use of revenue from the 2009 tax increase for any purpose other than that promised, declining tax digest or not. If county leadership wants to address unfunded liabilities issue, it should do so via inclusion in a published and approved budget.

Secondarily, I oppose using only half of the tax increase revenue for M&O and saving the rest in an "emergency fund." The county already has a reserve fund; a second fund would only invite irresponsible, "off the budget" spending.

### **Final Thoughts**

The Engage Gwinnett committee undertook a monumental task, the members making personal sacrifices of time and resources to produce a report that should have significant value for the ongoing economic downturn.

I must emphasize-- any deficiencies in our findings are not the result of any failure or inadequacy of individual members. The Engage Gwinnett effort marshaled the abilities of the most intelligent, involved and interested members of the community, from all walks of life.

In my opinion, we did not fully explore the options available to county government in response to the financial crisis. Probably as a result of the necessary format of our sessions, our recommendations do not venture "outside the box"... outside of the realm of conventional thinking. Some of our proposals to address a further decline in the tax digest are severe, but severity doesn't make them innovative.

We shouldn't plan to just "make it through" the next five to ten years. For many reasons, our way of life has changed permanently. The change was inevitable, a result of the normal maturation of our community. The growth bubble has ended; the party is over. Our government must change with the times as well.

We can choose to be average or we can choose to be better. We have the opportunity and the impetus to remake government to be more effective and efficient in this next stage of the lifecycle. Granted, the committee's charge was to only to establish acceptable service levels through 2014, but such an effort was destined to be insufficient given the challenges facing the county.

The proposals detailed in this dissent are certainly not the only options, but merely examples of the kind of solutions that we may have proposed had we thought "outside the box."

Finally, I recognize that our effort will only have meaning if the elected officials have the will to act. Frankly, as I have described in various parts of this dissent, the politicians' track record is less than stellar. In the end, the responsibility for ensuring that our proposals, or those suggested above, are implemented falls to you, the governed. It is your job to make sure that our elected officials lead with boldness and innovation... or elect others who will.

## Jack Mason

The sole reason for EG has been economic. The Gwinnett economy has declined over the last several years and projected county revenues are no longer adequate for current and future county operations. EG was charged with identifying solutions to assist the county in matching revenues to services by increasing revenues and/or changing/improving/cutting services and service levels.

I believe the primary recommendations being offered by EG fail to adequately address the current and future economic climate. Most members of EG appear to believe the current economic conditions are either improving or will last only a short while. History, the increasing number of foreclosures, and the national forecasts for even more foreclosures indicate that the economy has not yet begun to recover, and, assuming a suitable economic climate for recovery which does not yet exist, the recovery most likely take many years.

These foreclosures directly affect the revenues of the county. While property taxes continue to be paid on foreclosed properties at present, the more foreclosures there are, the lower property values go, resulting in lower property tax revenues. The more astute property owners, be it individual or company, are establishing annual property reappraisal processes to lower the values, thus the taxes, on the properties they own.

The actions of our Federal Government have created the current national economic crisis and the only thing Gwinnett County can do about it is to attempt to maintain or improve the Gwinnett economic conditions. The Federal Government is maintaining economic uncertainty and turning what should have been a relatively mild recession into a long term depression.

While everyone wants to point and shout "The recovery has begun!", that just is not so. Without job growth in the private sector, there can be no recovery. With no recovery, there will be continually declining revenues for the county. There are steps that can be taken now to help the county weather this coming period of economic stress, but to my knowledge, many of these recommendations have never found their way into the EG recommendations even though several people have made more than one of these proposals.

So, here is my list of recommendations, in addition to those you already have:

1. The county should be bringing pressure to bear on the state legislature to implement the LOST II tax as quickly as possible. There are plenty of nay-sayers who would discard this option because "it won't work this year". This is nonsense. It doesn't matter whether it can be implemented this year, the problem it solves will still be here next year, and the next, and the next. Get it started! On the same referendum to implement the LOST II (hopefully with a better name), the SPLOST can be suspended, resulting in a net sales tax increase of 0.
2. The county needs to cut salary expenses by at least 12% as quickly as possible. This does not mean that every employee has to have a 12% cut in their salary, it means there are several methods that can be used to achieve an overall 12%. There can be attrition, reductions in force, a tiered salary level cut (5% on the low end salaries, 20% on the higher end salaries). What is the hesitation in presenting this as a proposal?
3. Reduce the number of Quality of Life officers to one per BOC districts. According to the QOL officers

themselves, from their lips, they only go out to enforce the codes when they get a complaint. Could this mean we only need ONE QOL officer? Since the QOL officers apparently do not cruise around Gwinnett County looking for code violations, we apparently would not save any money on the cars and gasoline they are not using anyway.

4. Get the county entirely out of the trash business. Why, in a time of economic chaos, would the county choose to embroil themselves in suppressing a free enterprise system in order to turn it into an unpopular government controlled system?
5. Increase county revenues and reduce county expenses by privatizing the Gwinnett Center complex.
6. As county cars require replacement, replace them with hybrid vehicles. Since police chases are no longer desirable, and the police cars now have radios, police and sheriff cars can be included in this replacement plan. For each vehicle switched to a hybrid, over the first 100,000 miles of usage there should be at least a \$15,000 savings per vehicle in gasoline, oil, and maintenance.
7. Use existing SPLOST revenues to create meaningful east-west and north-south traffic access-controlled corridors for the county. This will aid in attracting larger businesses to Gwinnett County as well as their employees and corporate officers.
8. Improve the county's economic attitude towards small businesses to foster more job growth in the private sector and increase taxable business income within the county. This will require revising business license fees, sign ordinances, banner regulations, tax incentives, zoning ordinances, and overall taxation of businesses.
9. Increase the number of County Commissioners from 4 to 6. This would make it more difficult for any faction to "steam-roller" pet projects through the BOC. It would also give more equitable representation to Gwinnett County citizens.
10. Implement user fees for the county libraries. Out-of-county fees should obviously be higher than in-county fees, but the fee should cover actual usage of the library facilities as well as checking out books. At present, the library has no way of determining the extent of out-of-county usage if no books are checked out.
11. Implement user fees for county parks and recreation areas. A simple sticker system would allow county police to easily identify and ticket vehicles in the parks that had not paid their annual fees. Sports activities in the parks could include the annual fees in their cost of registration. This would either eliminate the out-of-county usage of the parks or at least secure a usage fee higher than that paid by county residents.
12. County libraries should limit the number of copies per title ordered for each branch to 1 or 2, and to 0 for some branches where 1 or 2 copies within the system is sufficient. This should result in a significant savings annually. A \$24.99 bestseller costs the library about \$15 and ordering 10 to 15 copies per branch "to meet the demand" for the book is \$130 to \$200 per title that need not be spent. If some must read a book as soon as it is released, let them purchase their own copy instead of the county purchasing it for them.
13. Eliminate the revolving door on titles. By reducing the number of copies per title, the library system could and should have a central storage for seldom accessed items and materials. Library patrons could request these items and materials with only a day or two delay in receiving them.

14. Items and materials removed from the library shelves should be either be donated to less-affluent non-profit organizations and libraries or sold to used book dealers under an annual contractual basis, all details of such being made public.
15. Eliminate county vehicles being driven home by county employees except for law enforcement officers living in the county.
16. Identify and reduce the force in departments that busy out their phones while they finish their coffee in the mornings or during the hour(s) before quitting time.
17. Mothball as much of the transit system as possible while remaining in compliance with the "Clean Air" act and contractual obligations. We have been told the major cost of providing bus service is the salary of the driver, so the smaller, more efficient buses should be used on the non-productive routes. The current system services less than 1/2 of 1 percent of the residents of Gwinnett County, is a cash drain on the county, and should be phased out as quickly and economically as possible.
18. Mothball the "Unified Plan" . The plan, by it own declaration, is impractical in today's economic climate and the foreseeable county economic climate.

**Recommendations that will benefit county residents but not directly affect revenues or costs:**

1. Employ smarter zoning, understanding there will be no large indoor malls built in the county during the next 5 to 8 years. Major thoroughfares should be reserved for commercial, the remainder for residential and green spaces.
2. Encourage multi-use developments where residences and commercial co-exist. This is especially important for redevelopment of deteriorating areas of Gwinnett.
3. When a BOC member leaves office, their Administrative Assistant should also leave office and not be able to again serve as Administrative Assistant to a BOC member for at least 4 years.

**EG Shortfalls**

In my opinion, EG went down a predetermined path that failed to clearly distinguish between the absolute core services mandated by law, the necessary core services as a county, and the nice-to-have services and their associated costs.