

## **Engage Gwinnett Introduction**

### **History**

Over the past two years, Gwinnett County government has undertaken proactive initiatives to improve its financial position. This document is intended to provide a history and brief overview of those initiatives so that the remainder of this publication can be taken into context with actions already accomplished by the organization.

The 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, strong pay-as-you go capital program, and the County's strong reserves as reasons for the high credit rating. This rating is held by only 23 other counties across the United States.

Gwinnett has consistently reduced the county property tax rate (millage rate) since 1996, equating to a reduction of 27 percent. Through the end of 2008, this resulted in foregoing \$839,248,605 in revenue. In comparison to the total General Fund budget for fiscal year 2010, this foregone revenue equates to over two years of property tax income. It is clear that providing property tax relief has been an important initiative of this County. However, since 2000, forecasts have projected slower revenue growth and increasing costs. Starting in 2006, the County stepped up its economic development efforts, launched a series of internal efficiency studies, and increased its oversight to create an even tighter control over the budget growth.

In 2008, the County recorded the use of over \$38 million of reserve funds to finance expenditures. This event marked the confirmation of projections that had been made several years previously. With the loss of state provided revenue associated with a state property tax exemption, the County faced a looming budget gap for 2009. There was also declining water revenues as a result of conservation efforts with the drought. While the use of fund balance was forecasted for 2008, its use led to a bigger philosophical need to do things differently. An improvement to the financial plan and forecast were required.

### **Response**

In the fall of 2008, two initiatives to improve the County's financial plan occurred. The first initiative 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 options were incorporated into the 2009 Budget resulting in approximately \$40 million in savings – of that amount, approximately \$33 million were reductions in expense and close to \$7 million in revenue increases.

Expense reductions that were implemented as part of the Service Value and Responsibility project include both large and small reductions, as well as fee increases. Large items included organizational restructuring, outsourcing, and deferring contributions to capital. Other significant initiatives of the SVR project were additional employee health insurance cost sharing (\$3.2 million) and a reduction of county fleet (\$3.9 million). Other small initiatives included the reduction of office supply budgets. Changes to revenue included increases in the business license fees, ambulance fees, and the implementation of mail fees for processing vehicle tags. A complete listing of the SVR projects is provided as an appendix to this document.

In the fall of 2008, concurrent with SVR activities, reductions in force and retirement incentive offers were occurring within our Planning & Development Department (79 positions) and Department of Water Resources (14 positions). Each area evaluated their business and found that there was a need to reduce the size of their workforce. Planning and Development reductions were the result of the slowdown in the construction and development community; and Water Resources reductions were the result of obsolete wastewater facilities closing and automation through the use of technology. These departments were the first organizations to evaluate their business in relation to our changing environment and the recognition to do things differently began. With the Business Planning Process, all departments are evaluating the need to reduce or refocus services for operational efficiency as it relates to core services.

In March 2009, the Board of Commissioners adopted the annual budget that was built upon a substantial millage rate increase. The additional revenue from the increase was used to formulate the 2009 budget and was intended to fund improvements to services across the organization as part of the five-year financial plan. The Board of Commissioners reconsidered their approach to the millage rate increase, denying the funding plan it in a vote on June 2, 2009. Staff was directed to look at further budget reductions. In June 2009, the County was facing a budget deficit of \$8 million in the current fiscal year, \$60 million in FY 2010, \$45 million in FY 2011, and \$44 million in 2012.

After the June 2, 2009 Commission decision, staff researched ways to close the budget gap – first for the current fiscal year and then for future budgets in the 2009 – 2014 financial plan. The only way to narrow the deficit was to make severe cuts that equated to substantial changes in service levels. The goal at that time and the philosophy that continues today was to preserve core services the County provides to residents.

On June 16, 2009, the Board approved the elimination of more than 100 vacant positions, nearly all program enhancements contemplated in the 2009 budget, and delayed capital construction of projects that had operational expense. In short, the June 16<sup>th</sup> agenda item resulted in reductions of \$82 million in Operating funds and \$123 million in Capital funds.

Approximately one month later, on July 21, 2009, the Board approved a goal of a 9% across the board reduction for all departments. They also provided approval to move forward with staffing changes (reorganizations, reductions in force, and a retirement incentive offers). This included an additional reduction of 67 employees bringing the total reduction in force through layoffs and retirements to about 285 employees. This additional reduction in force occurred in the last quarter of 2009. The Board also eliminated pay raises for the future years and increased employee contributions to the defined benefit pension plan, as well as set the direction for the 2010 Budget. The July 21<sup>st</sup> agenda item resulted in \$41.2 million being reduced in 2010; for a total of \$217 million being reduced from operating funds over the 5-year financial plan. Other actions as a result of that agenda item included the closing of the Gwinnett Justice Administration Center in the evenings and on the weekends and the closing of the Corrections facility. The June 16<sup>th</sup>

agenda item balanced the budget for 2009; yet after these two agenda items, a deficit of \$9.7 million still existed for 2010.

Citizens responded to the service level reductions, as there was concern about the change in the quality of life within the County. Citizens also felt that they had not had an opportunity for involvement in the County's financial planning processes. This led to a citizen committee, Engage Gwinnett, being formed in the fall of 2009. With declining revenue streams and public opposition to both millage rate increases as well as cuts to popular services, Engage Gwinnett is designed to bring the community together to intentionally and strategically involve stakeholder groups in making informed recommendations to the Board of Commissioners on desired county programs, services, revenues, and spending for the next five years.

### **Millage Rate Increase Reconsidered**

Due to citizen response and concern about the service level reductions, the Board of Commissioners reconsidered their position on a millage rate increase. On December 1, 2009, the Board adopted a millage rate that restored cuts that had been made to Elected and Constitutional Officials as well as in the areas of Public Safety and Courts. The millage rate increase also restored other key services that had been cut earlier in the year such as libraries, parks, transportation, and committing to a study to review the viability of the correctional facility. The millage rate increase provided approximately \$65 million in revenue to the County. The new millage rate of 13.25 mills is an increase of 2.28 mills over the 2008 property tax rate. Three funds were affected by the increase: the General Fund (+2.06 mills), the Recreation Fund (+0.21 mills), and the General Obligation Bond fund (+0.01 mills). While the 2009 millage rate represents a 20.8% increase over 2008, the 2009 millage rate is **11.4% lower** than in 1996. In 1996, the millage rate for the County was 14.95.

Despite the increase, services across the County for all organizational units were not restored. Budget reductions to "Back Office" Departments were not considered; BOC Goals/Initiatives were not restored; Compensation Plans – including pay raises, were not placed back into the financial plan; Future Planned Service Enhancements were not reprogrammed; and services attributable to the implementation of the 2030 Unified Plan were not considered.

The retirement incentive offer concluded with more than 200 eligible employees accepting the incentive to retire. The County lost a combined total of 4,400 years of service and accumulated knowledge, wisdom, and experience through these retirements. The program will potentially save an estimated \$55 million over the next three years.

A new time has dawned for Gwinnett County. We are continually evaluating processes to determine better and improved methods of delivery; we are evaluating the level services that we provide and contemplating whether we should be performing the function at all. Where we believe the private sector can provide a service more efficiently, we are evaluating and considering implementing outsourcing models. The County is at a point of transition, where we are simultaneously focusing on continuous improvement and process change for the delivery of core services to our citizens.

# **APPENDIX**

## SVR Adjustments

SVR

Expenditure

Aquatic Red Cross Training	9,000
Assoc. of Retarded Citizens - reduce 10%	(13,718)
Barrier Free - reduce 10%	(375)
Board of Health - reduce 10%	(165,544)
Children Shelter - reduce 10%	(7,350)
Close Beaver Ruin Water Reclamation Facility	(832,186)
Close Best Friend Pool Seasonal Pool when school starts	(5,552)
Close Dacula Park Pool Seasonal Pool when school starts	(2,759)
Community School - no funding	-
Consolidate IT Personnel in the BOC area	(261,995)
Consolidate Warehouses	(250,000)
Contiune implementation of drought/water restrictions permit	(100,000)
Contribution to Capital - Close Police Warehouse	(750,000)
Contribution to Capital - Defer Helicopter Replacement	(3,019,452)
Contribution to Capital - Defer One Justice Renovation	(880,487)
Contribution to Capital - Delay Juv Court Expansion	(1,079,690)
Convenience Fees	(372,614)
Council for Seniors - reduce 10%	(310)
DFACS (Family & Children's Srv.) - reduce 10%	(82,615)
Discontinue participation in GRPA Adult Softball	(3,740)
Discontinue providing field marking paint to YAA	(19,000)
Efficiency of Organization, Outsourcing, etc.	(3,500,000)
Eliminate "no impact" maintenance agreements	(221,865)
Eliminate Annual County - Movie Under The Stars	(3,195)
Eliminate Construction Manager Position	(92,128)
Eliminate Dust Control	(120,000)
Eliminate printing of payroll advices	(5,400)
Eliminate Public Pay Phones	(24,975)
Eliminate School Crossing Guard Program	(187,371)
Eliminate Soil & Water Use Agreement	(37,889)
Eliminate Upper Ocmulgee River RC&D Use Agreement	(35,664)
Eliminate Vacant Admin Positions	(332,864)
Eliminate vacant Operat. Maint Manager	(69,612)
Eliminate Vacant/frozen positions in Grounds/Maint Div	(466,203)
Eliminate Weekend Janitorial Maint in the Parks	(25,000)
Fund Positions through various Capital Funds	(1,360,000)
Georgia Power Tariff Analysis	(500,000)
Gwinnett Glows	(69,302)
Human Services Coalition - reduce 5%	(2,899)
Indigent Medical Care - reduce 10%	(50,000)
IT Contractor Personnel Conversion	(448,594)
Latin American Assoc. - reduce 10%	(1,921)
Mental Health - reduce 10%	(85,366)
Metro Atlanta United Way - reduce 100%	(30,000)
Open House Special Event (NCGW)	(12,402)
P&D Reduction Completion	(554,324)
Partnership Gwinnett - Reduce by 50%	(250,000)
Reduce August Pool Hours	(15,840)
Reduce Contracted Extradition Services by Competitively Bidding on Demand	(26,359)
Reduce Contracted Mowing & Trimming, ROW & Sidewalks	(350,000)
Reduce costs to conduct P&R ground breaking ceremonies	(20,000)
Reduce Food Budget Due to Purchase of Large Quantities on Limited Opportu	(28,056)
Reduce Library Subsidy by 4.06 percent	(801,700)
Reduce Marketing Fds for Gwt Park Life	(9,260)

## SVR Adjustments

<b>SVR</b>	<b>Expenditure</b>	Reduce Office Supply Budgets	(431,986)
		Reduce Overtime Due to Filing Vacant Positions	(489,995)
		Reduce Overtime Due to New Medical Screening Policy	(200,000)
		Reduce Replacement Uniform Funding	(200,000)
		Reduce Vehicle Replacement Charges	(3,999,999)
		Reduce Water Budget Due to Conservation Efforts	(11,060)
		Reduce West Nile Virus Program by 50%	(50,000)
		Revitalization Reserve - Reduce CID Study Funding	(410,000)
		Shift cost of Judges Subscriptions to Law Library	(45,613)
		Turn off I-85 Lighting and Sgrlf Tunnel Lighting	(175,000)
		Compensation Plan	(1,618,396)
		Group Self Insurance	(3,216,469)
		Lifeguard Re-certification	2,048
		Reduce Fuel/Parts Reserve	(2,000,000)
		Contribution to Capital - 311 Ctr and UST	(300,000)
		Eliminate Clothing Allowance	(6,654)
		Adjust Annual Vesting Payout	(6,635)
		Fire - Reduce Storm Water Action Program (capital)	(200,000)
		Corrections Bus (Capital)	(120,000)
		Corrections Courtyard Expansion savings (Capital)	(13,126)
		Recorders Ct./Juvenile Ct (Capital)	(15,598)
		Print Shop (Equipment and Renovation)	(367,517)
		Reduce Inmate Housing Reserve	(750,000)
		Reduction in OPEB contribution (allocate to other funds appropriately)	200
		Excess Leave Payout Reduction	(753,352)
		10% Reduction for Dead Stock	(184,737)
		Postpone Sweeping of Curbs & Intersections	(97,707)
		<b>Expenditure Total</b>	<b>(33,238,172)</b>
	<b>Revenue</b>		
		Add -on Fee to Sentences for Clerk's Costs	590,400
		Ambulance Fee Increase	720,812
		Aquatic Red Cross Training	11,700
		Reimbursement for Use of County Vehicles on PT Jobs	384,928
		State Criminal Alient Assistance Program Grant	100,000
		Business License Fees Increase	3,500,000
		Planning & Development Fees Increase	900,000
		Mail Fee for Processing Vehicle Tags	142,000
		Gas Leak Emergency Vehicle Time Reimbursement	100,000
		Signs and Other Property Damage Recovery from Insurance Companies	50,000
		Lifeguard Re-certification	3,840
		Revenue Loss from Closing Best Friend Pool Early	4,005
		Revenue Loss from Closing Dacula Park Pool Early	1,651
		Reimburse GF for Law Librarian from LL Fund	84,985
		<b>Revenue Total</b>	<b>6,594,321</b>
	<b>Grand Total</b>		<b>(39,832,493)</b>