

LOCALITIES TAKE NOTE: THE TIMES, THEY ARE A CHANGIN'...

An Examination of the Nature of
Change in Local Government



Introduction

- The “Great Recession” affected localities in fundamental ways extending well beyond budgetary constraints
- Local governments have fewer resources and more unfunded mandates than previously experienced
- *How can public services be maintained, or even improved, when government revenues are stagnant or reduced?*



Overview

- We will examine how localities can evolve to excel in the new economy and improve service delivery to customers and citizens
- The seven topics we will be discussing:
 - *The Nature of Staffing*
 - *Effective Budgeting*
 - *It's All About Economic Development*
 - *Transportation Efficiency*
 - *Environmental Reality Check*
 - *Good Governance*
 - *Staying Ahead of the Curve*



The Nature of Staffing

- Consequence of the recession – frozen positions and limited, if any salary increases
 - *Result: rallied workloads handled with fewer people and increased staff turnover rates*
- We'll Examine How To:
 - *set a reasonable staff funding level*
 - *increase position stability*
 - *improve professional experience*

The Nature of Staffing

NOBODY HAS SEEN AS MANY EMPLOYEES
AND CEOS COMING AND GOING AS YOU
HAVE, HIGGINS. HOW LONG HAVE
YOU WORKED HERE NOW?

I'VE BEEN HERE
FOR THREE
MONTHS, SIR.



The Nature of Staffing

Traditional Model

Working for a government agency meant:

- Make decent money
- Get excellent health benefits and retirement package
- Retire after 30 years

Those days are over, but governments are still hiring staff like they always have only with:

- Fewer positions
- Lower pay
- Declining health benefits
- Questionable retirement



The Nature of Staffing

Traditional Model

- Result of approaching staffing without recognizing the changed economy:
 - *Less experience*
 - *Higher turnover rates*
 - *Reduced productivity*
- When work loads increase - difficult decision to hire a full or even part-time position
 - *Result: many agencies making do with less staff than needed*



The Nature of Staffing

Auxiliary Model:

Alternative staffing model - partner with experienced professionals in a demand-based approach

- Instead of hiring a full-time position with benefits, hire contract staff for the level of service you need
- Contract staff supplement existing staff or can be an alternative to full-time positions if that is the level of service required

The Nature of Staffing

Establishing a Funding Level:

- *Key to utilizing the auxiliary staff model - identify appropriate level of service needed at available funding level*
- One approach is to use residual salary from a vacant position to hire contract staff for special projects or to address peak demand.
 - This funding level could be a not-to-exceed service level with no overhead costs incurred
- Typically works for localities or agencies that do not need a full-time position & have limited fiscal resources
- Hiring experienced and professional staff with a stable, effective track record to work on special assignments or peak loads can benefit any locality

The Nature of Staffing

Position Stability and Professional Experience

- Challenge: high staff turnover in small and rural localities and in entry level positions at larger agencies
 - Constrained budgets and outdated salary ranges exacerbate the problem
 - Low salaries typically do not attract good experience
- Solution: Auxiliary Staffing Model to hire contract staff that are reliable, experienced, and stable
 - Hiring a company with a comprehensive skillset, not an individual with limited expertise
 - At the available funding level, provides staffing that is effective and enduring

The Nature of Staffing

Pros

- Experienced professional
- Position stability
- Expanded skillset (company v. individual)
- Maximum productivity for identified service level
- Budget and demand sensitive

Cons

- Contract staff model is not familiar
- Perceived lack of staff control
- Service levels may require full-time staff (40+ hours per week)
- Reluctance to try a different approach
- Unwilling to fund additional staff at any level

Effective Budgeting

- *Consequence of the recession – As property values declined, so did local revenues and many localities did not adjust their tax rates for level funding*
 - *Result: Now that values are rising, many localities are under pressure to lower the tax rate to keep funding at the lower, “recession” level*
- Effective budgeting – lowering locality costs while minimizing the impact on service delivery and maximizing the use of existing revenues



Effective Budgeting

Consider:

- Budgets are choices and priorities - these change every year
- Do you determine your annual work program each year as part of budget process?
Are there opportunities to privatize services when staff retire?
- What are the most important functions you provide?
- Prioritization of your work program
- Make it apparent to political leaders/citizens the value of the services provided & how it makes a difference
- How do other planning tools inform the budget process?
 - *Clear goals and action strategies for implementing general or comprehensive plan?*
 - *Capital Improvement Program adequately reflect spending priorities and is it renewed annually?*

Effective Budgeting

Challenges:

- What are the “sacred cows” in your organization?
- Not all department managers are experts at budget crafting
- What is the collection rate for the locality?
- Do your enterprise funds charge rates that cover service costs? Does the general fund subsidize enterprise funds for operations?
- Are all of the taxing tools being levied effectively?
- How does attracting economic development fit in with your budgeting philosophy?

Effective Budgeting

Formats

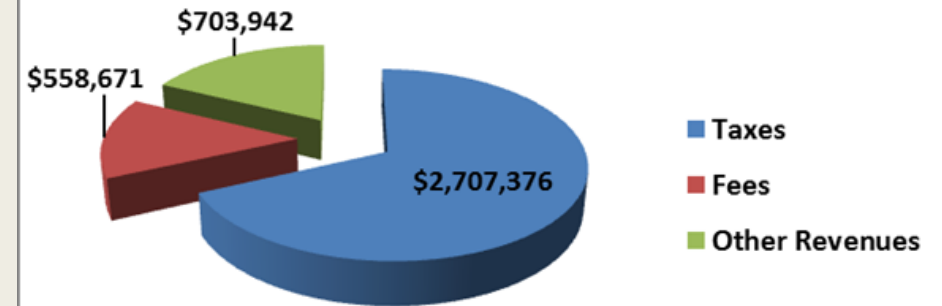
- Incremental: budgets based on what was spent in previous fiscal year
- Performance-based: performance measures inform budgeting needs, intended to lead to greater accountability
- Priority-driven: focuses on most important strategic efforts and fund programs/needs based on a ranking system
- Zero-based: all expenses must be justified each year by managers and all functions are reviewed on a comprehensive basis

Effective Budgeting

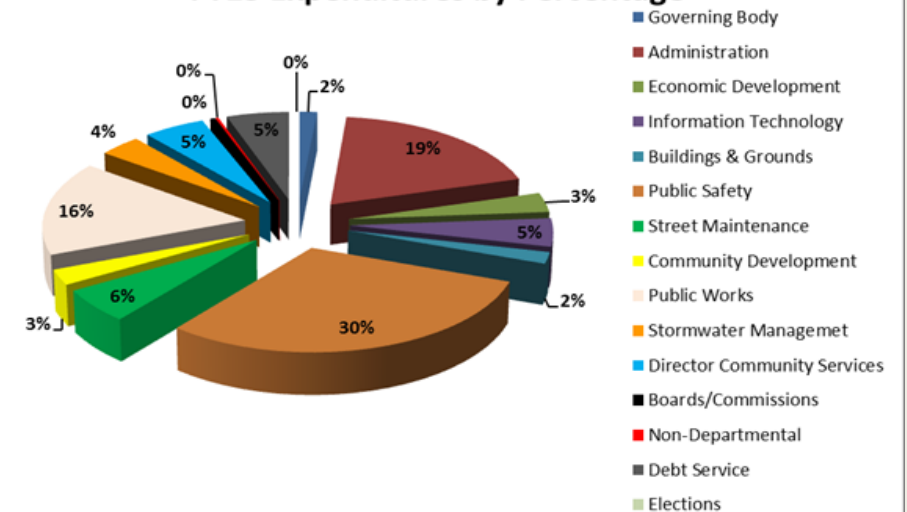
The Role of the CIP in the Budget Process

- Capital Improvement Program (CIP) is a 5-year financial planning tool
- Year one impacts the annual budget for the same fiscal year
 - For example, the FY 17-21 CIP impacts the FY 17 budget only
- Years 2-5 are to plan for other funding sources, financing, and operational impacts
- Increases understanding of revenue and expenditure patterns and needs
- Increases public transparency and accountability

Total Revenue (by major source)



FY13 Expenditures by Percentage



Economic Development

Economic development is critical for sustaining localities, but it has a cost. It's necessary to identify effective ways to grow the local economy.

Tools for the Toolbox

- Planning
- Grants
- Branding / Marketing
- Recruitment
- Incentives



Most communities do some of the above, few do them all, and even fewer do them all well. It takes time, expertise, and resources.

Economic Development

Planning

- What does economic development mean for your community?
- What are your key objectives?
- How will you measure your progress and determine success?
- Every locality should have an economic development strategic plan that defines the needs, establishes metrics and how to apply them, sets objectives, and begins to tell the community's story



Economic Development

Grants

- *Key to economic development - identify all available funding sources*
 - *Leverage resources as well as possible*
- Grants have become increasingly competitive, but identifying your needs, matching funding sources to those needs, and effectively telling your story is the key to a successful application

Economic Development

Branding

- Most communities have not identified their brand
- Successful, sustainable communities are easily identified by theirs
- Your brand identifies who you are which dictates what your priorities will be
- Does your brand target heritage or recreational tourism?
- Does it target large employers? Industry? Niche markets?
- *The nature of your brand will dictate your infrastructure needs*





Economic Development

Recruitment

- Identify specific companies to open a dialogue
- Should know what you are looking for based on your strategic plan and how to best pitch your community's assets
- Talking with a national chain when you meet none of their metrics is a waste of time
- Identify potential wins and start there



Economic Development

Incentives

- Financial incentive packages are one of the most overrated tools used by states and communities
- If you use incentives, make sure that you understand what the company is bringing the community in terms of benefits and costs
- Communicate your position clearly, and contractually document identified milestones
- Place any funds in Escrow to be paid upon performance only



Transportation Efficiency

- Roads and streets are a major cost to localities. They take a lot of time and money to maintain and manage
- The term “Devolution” as it is known will likely continue as federal and state funding decreases, yet transportation needs increase



Transportation Efficiency

What's changing?

- In Virginia, localities rely heavily on the state for maintaining the transportation network. Only recently have localities begun to emerge as fiscal partners in roadway construction
- Within the last 5-6 years, there have been substantial discussions at the state level known as “devolution” whereby the state would require counties to assume responsibility for the secondary road network
- The state has also considered recalculating how urban localities receive state maintenance funding
- *Localities are being required to assume more responsibility for transportation projects than ever before*

Transportation Efficiency

Funding/Grants

- Transportation funding has taken a hit in recent budget cycles
- There are still many grant programs available, but most have increased local match requirements and many require that projects are identified within comprehensive plans or capital improvement programs (CIPs)
- Reduced funding has resulted in increased competition and smaller grant pools. It might take a few grant cycles to fully fund a project
- Funding entities are now looking at how transportation projects are regional in nature, and that includes alternative transportation elements. Demonstrating this nexus is critical to a successful grant

Transportation Efficiency

What Every Locality Should Know

Transportation projects can be a cumbersome process that takes time and diligence. There are items that every locality needs some expertise in managing, especially when involving state or federal funding:

- Performing an environmental review and getting state DOT approval
- Familiarity with right of way acquisition under the Federal Uniform Act
- Understand if project design must meet state DOT standards, which are more stringent than federal standards
- In the construction phase, you need to meet all federal guidelines such as checking payroll for federal wage requirements, materials testing, etc.
- **Not every engineering firm is a good project management firm**
- Does your locality have the in-house resources to effectively manage this type of program?

Transportation Efficiency

Project Delivery – Steps to Success

- Project Planning/Scoping
- Preliminary Engineering
- Environmental Review
- Public Hearing
- Right of Way Acquisition
- Utility Relocation
- Final Plans
- Bid Advertisement/Award
- Construction



Environmental Reality Check

- Environmental regulations have increased, and will continue to do so. This is another cost that passes down to the local level
- Brownfields, stormwater, wetlands, wastewater discharge, drinking water supplies, and other water quality and quantity issues dominate local government agendas and impact budgets
- Effectively dealing with these quality of life regulations is necessary to minimize their budgetary impact, and maximize benefits to citizens
- In 2013, the EPA announced 134 new and modified agency rule changes compared to 53 new rules in 2012
 - *Separated into major categories including air, chemical safety, solid waste, and water*

Environmental Reality Check

Brownfields

- Brownfields are previously used sites that may be contaminated due to industrial or commercial development
- EPA began administering brownfield grants in 1995 to assist communities with the redevelopment of these sites
- The historic “cost” to communities in terms of underutilized land, can be turned into an economic development tool
- Brownfield grants available for: assessment, area-wide planning technical assistance, cleanup, community-wide petroleum assessment, revolving loan fund, job training and others through EPA and states



Environmental Reality Check

Stormwater

- Another EPA program is the National Pollutant Discharge Elimination System (NPDES) stormwater program. Three types of regulated stormwater discharges:
 - *Municipal separate storm sewer systems (MS4s)*
 - *Construction activities*
 - *Industrial activities*
- Stormwater regulations have increased around the country in recent years and are beginning to take effect now regarding the quality and quantity of discharge



Environmental Reality Check

Wetlands

- EPA has 14 new water rules under consideration including the definition of “Waters of the United States” under the Clean Water Act
- U.S. EPA and the Army Corps of Engineers are developing a proposed new rule for determining whether a water is protected by the CWA
 - *Would help clarify which water bodies are protected and could have a significant impact on greenfield properties (undeveloped land)*



Environmental Reality Check

Wastewater

- Municipal wastewater systems are heavily regulated under NPDES permits for primary and secondary treatment. These standards and penalties for non-compliance have increased over the years
- Secondary treatment standards provide alternative standards established on a case-by-case basis for treatment facilities considered equivalent to secondary treatment
- Tertiary treatment is also frequently used to release “clean” water back into the environment due to heavy contamination levels already present in the stream



Environmental Reality Check

Drinking Water

- Water supply is a major national issue. In Virginia for example, Water Supply Plans are required for all localities to ensure adequate water supply for a 30-50 year planning horizon
- In addition to water quantity, water quality is a major planning focus
- Drinking Water Issues:
 - *Need potable water for consumption*
 - *Other interests compete for water usage including:*
 - Industrial (power generation and cleaning processes)
 - Agricultural (irrigation and animals)
 - Recreational
 - Other household uses



Good Governance

- Good governance is the foundation to all the elements we've discussed
- What does this mean?
- How is it done?
- What constitutes a good government?



Good Governance

What is Good Governance?

- Governance can be synonymous with domination, power, authority, control
- Good governance is:
 - *Transparency*
 - *Predictability*
 - *Accountability*
 - *Effectiveness*
- Localities, if properly managed and operated, can be the most effective and efficient form of government

Good Governance

Transparency

- How is information made available to citizens and residents?
- How are decisions made?
- How important is public involvement when working new initiatives?
- Many decisions are not going to appease everyone but the process should be clearly understood and communicated to the community.



Good Governance

Predictability

- Adhering to the same policies and processes regardless of the issue is paramount
- Does your organization set goals and adhere to them?
- How is change perceived in your community? Is it a good tool for progress or a stigma?
- Predictable processes can help ease public concerns when other conditions are changing



Good Governance

Accountability

- Do you have employees or do you have ambassadors?
- Citizens shouldn't have to distinguish the difference between zoning, public works, and police matters. When they call with a concern, are they passed from department to department with the causal "that's not my job?" Or does the ambassador take ownership of the matter at hand?
- When answers are given in a public setting, are they consistent and genuine?

Good Governance

Effectiveness

- Government of the people, by the people, and for the people must be effective
- Decisions must result routinely from the governing body and it is primarily staff's responsibility to set the stage for successful decisions to the extent possible
- Effective government is straightforward, proactive, and results oriented along with being transparent, predictable, and accountable



Good Governance

Examples

- Where are examples of good governance and governments?
 - *How you're treated at the permit desk*
 - *Not being transferred all around when you call*
 - *Polite, professional, and responsible*
 - *Honesty and integrity*
 - *Responsiveness*
- If you experience good customer service, you are likely encountering a good example of government

Staying Ahead of the Curve

The Value of Public Participation and Communication

- Information and the way it is disseminated greatly changed over the last decade
- Impacts every business, organization, and agency in how information is communicated and managed
- Social media allows feedback to be received almost instantaneously and local governments are not immune from the impact of public perception



Staying Ahead of the Curve

Why should we care?

- If it's important to your citizenry, it should be important to you
- Today's local government must be prepared to manage social media, and other participatory venues effectively
- Local government must meet their citizens where they are at, which is increasingly NOT at public meetings



Staying Ahead of the Curve

Communication Methods

- Do you already have a communication plan for how to engage with news media or citizen groups?
- How do you currently disseminate news and information?
- Do you have a social media presence and, if so, is there a site manger?
- How do you work with neighborhood groups and community organizations?
- Techniques:
 - *Online community surveys*
 - *Town Hall meetings*
 - *Online meetings and activities*
 - *Social Media*
 - *Committees and Work Groups*
 - *Community activities and events*





Staying Ahead of the Curve

Managing Expectations

When working with community groups:

- Be honest and open
- Be knowledgeable of what you can commit to and what you can't
- Be aware of political pitfalls
- Be sure to keep leadership figures involved
- Know when you need to seek help, whether legal or a neutral third party
- Do not tell a community group anything you wouldn't tell your governing body

Change in Local Government

How can we help you navigate these changing times?

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