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# Strategic Planning

## Goals and Strategies

Although the functions of county government are largely determined by State statute, they are shaped by the priorities of the local community, as articulated by the County's elected officials. The Clark County Board of Commissioners adopted the following framework:

**Mission statement: To better serve the will of the people**

### Guiding Principles

- **Safety**
- **Sustainability**
- **Transparency**

### Safety

The guiding principle of safety may manifest itself in many ways. Regional coordination, prioritization of law enforcement services, and emphasis on protecting the health of the community are some examples. To balance expenditures with a flat revenue forecast, the draft budget continues most of the reductions that were imposed for the 2009/2010 biennium which were targeted to retain public safety services. Budgetary increases for 2011/12 center on public safety, primarily for indigent defense and victim assistance.

The County's Public Health programs are in a fragile position, putting essential services at great risk. State and federal funding have been stagnant at best for the past decade. Funding has decreased and will be decreased more because of pending state budget cuts. Accordingly, the 2011/12 budget includes increased support from the General Fund to compensate, in part, for the erosion of state support for public health. The emphasis remains on preventing the spread of communicable disease and protecting the public from environmental health risks, such as those contained in unsafe food and water. Even so, this budget includes major reductions for Public Health.

*The 2011/12 budget includes increased support from the General Fund to compensate, in part, for the erosion of state support for public health.*

### Sustainability

The Board of Clark County Commissioners adopted the Clark County Sustainability Policy on October 1, 2007 as a part of the commitment to fostering a safe, secure future that conserves natural resources while meeting basic human needs, including clean water, air and food, along with shelter, education, and employment. This commitment to a sustainable future is a key consideration in making public policy, developing public programs, operating public facilities, and delivering public services.

The interest and need is increasing for projects that meet sustainability goals such as increased water efficiency, use of renewable energy, and less toxic alternatives to conventional building materials.

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Sustainability goals are:

- Lead by example
- Encourage innovation in both public and private pursuits
- Promote and demonstrate efficient and effective use of renewable and consumable resources
- Collaborate with public and private partners on projects aimed at sustainability
- Continuously enhance our perspective and expertise in making sustainable choices on behalf of the citizens and communities of Clark County
- Identify and pursue new opportunities that promote sustainable practices

Clark County is now accepting projects to the Sustainable Communities Ordinance pilot program. The Sustainable Communities Ordinance allows some projects to bypass more traditional local codes and regulations to pursue the use of advanced green-building strategies. Enrollment will be open for five years, or until a total of six projects are accepted. To encourage such projects, the City of Vancouver and Clark County evaluated their building, land use, and development codes to identify and remove barriers. Additional work is now underway with a grant from the Washington Department of Ecology to expand the look at barrier removal countywide.

## **Transparency**

In government, transparency is the opposite of privacy; an activity is transparent if all information about it is open and freely available. A participative democracy is more closely connected to the will of the people. Transparency implies openness, communication, and accountability. In politics, transparency is a means of holding public officials accountable and fighting corruption. Transparent procedures include open meetings, freedom of information legislation, budgetary review, audits, and public hearings. When government meetings are open to the press and the public, when budgets and financial statements may be reviewed by anyone, when laws, rules and decisions are open to discussion, they are seen as transparent.

Clark County applies the principle of transparency in a wide range of policy development and projects. Examples are County actions to retool the development code, the strategic plan for diversity, and the land acquisition procedures used to expend Conservation Futures funds.

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## Objectives

The 2011/12 budget is based on the Board of County Commissioners' policies and the plans of County departments. Plans to implement these policies all conform to the following overriding objectives:

**Objective 1:** To support the priorities of long-range and operational plans.

- The County continues to prioritize regional mandated and essential programs before considering discretionary services.
- The County pursues fiscally-responsible agreements to promote the interests of the citizens of Clark County.
- The County supports contracts to provide local urban services, for specified time periods, based on their full costs.

**Objective 2:** To ensure growth in programs is consistent with projected revenues.

- Most baseline budget increases are limited to allowance for salaries and benefits.
- The Board of County Commissioners considers budget adjustments only to the extent that reductions are made in other program areas or new revenues are approved.
- Adequate levels of matching and operating funds are adopted before grant funds are accepted.
- Reduce targeted programs when operating revenues are insufficient to meet operating expenses.

**Objective 3:** To maintain a stable and healthy financial foundation.

- Adequate reserves are maintained in all funds.
- Enterprise funds have adequate fee structures to fully support proposed budgets.
- Fee structures are examined and modified to ensure that adequate fees cover increased costs of services, or services will be reduced.
- Fee structures are examined and modified to ensure that services provided are, in the aggregate, commensurate with the fees that are charged.
- The County implements its authority under SB6211 to charge cities for cost of misdemeanants.
- The County encourages service agreements with municipalities that result in savings for the citizens.
- Plan strategically for innovative ways of providing services more cost-effectively and efficiently.

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**Objective 4:** To respond to critical service demands, and community priorities.

- Priority is given to budget adjustment requests that respond to the most critical increases in demand for services.
- Priority is given to budget adjustment requests that support multi-departmental functions.
- Recommendations are made for targeted reductions or for new revenues to support the most critical budget adjustment requests.
- Budget adjustment requests that mitigate staffing increases are encouraged, including requests for new technology.
- Reduce local services that are provided by the respective cities due to annexations or incorporations.

**Objective 5:** To support the priorities of the Capital Improvement Plan.

- Transportation projects in the six-year Transportation Improvement Plan are funded, consistent with available revenues.
- Adequate reserves for major maintenance of all facilities are sustained.
- Capital projects older than three years are re-evaluated before carrying them forward into the 2011/12 budget.

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## County Fiscal Policy

Clark County must follow all budget laws specified in the Revised Code of Washington (RCW). Beyond these laws, the County also has internal fiscal policies that were first adopted by the Board of County Commissioners in 1982 and amended in 1994. Their purpose is to assist decision-makers by providing information and guidelines for Clark County to continue a financially prudent course. These seventeen Fiscal Policies are maintained by the County Auditor and amendable only by the Board of County Commissioners after holding a public hearing.

*The County adopts a balanced budget in which budgeted revenues equal budgeted expenditures (fund balance is considered a source of revenue to balance the budget).*

Although neither the RCW nor County Fiscal Policies specifically address balanced budgets, the County only adopts a balanced budget in which budgeted revenues equal budgeted expenditures (fund balance is considered a source of revenue to balance the budget). Some departments may have years when excess revenue or expenses occur; this may result in a change of a particular fund's balance. In those instances, during the budget process an extra level of analysis is completed before the Board of County Commissioners considers granting authority for use of or growth in fund balance.

### **Policy 1**

The County shall calculate and compile financial indicators for each year. Any indicator showing an unfavorable trend shall be analyzed to determine why the change has occurred. The County Administrator is authorized to add or delete financial indicators to reflect the needs of the County and the availability of relevant information.

### **Policy 2**

Clark County shall annually forecast revenues and expenditures for the next three to five years for the General Fund and the Road Fund. Forecasts should reflect the County's multi-year capital improvement plans. Other funds should be forecast to the extent that they are material and can be reasonably predicted.

### **Policy 3**

Clark County shall proactively seek citizen involvement in evaluations of services and service levels.

### **Policy 4**

Clark County will accept State and Federal money to fund programs mandated by law; or programs established as a local priority after taking local contributions into account.

### **Policy 5**

Clark County will set charges for each enterprise fund (sewer, solid waste, etc.) at a level which supports the direct and overhead costs of the enterprise, primarily by fees, grants, or other sources consistent with the direction of the Board of County Commissioners.

### **Policy 6**

Clark County will pursue a fair and equitable process for the collection of property tax and all other revenues, with the goal of minimizing delinquencies.

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## County Fiscal Policy (continued)

### **Policy 7**

Clark County management is required to comply with budgetary restrictions. A reporting system will be provided to help managers monitor and adhere to financial constraints.

### **Policy 8**

Clark County will provide for adequate maintenance of capital facilities and equipment, and for their orderly replacement, if necessary.

### **Policy 9**

Clark County shall establish reserve funds to pay for needs caused by unforeseen events. Reserves shall be held to address the following circumstances: 1) Catastrophic reserves, to provide limited emergency funds in the event of natural or manmade disasters; 2) Operational reserves, to provide additional funds for limited, unexpected service needs; 3) Liquidity reserves, to provide funds sufficient to insure smooth running of the County and pay current obligations; and 4) Capital reserves to facilitate the orderly replacement or acquisition of capital facilities and equipment.

An amount equivalent to between six percent and ten percent of the General Fund operating budget shall be held in a separate reserve. Individual fund managers shall maintain reserves to address operational and liquidity needs for the funds under their control.

### **Policy 10**

Capital improvements must be designed to provide sufficient benefits for the expected cost. Benefits can be economic or social values expressed in the Capital Improvement Plan, or can be based on a cost benefit analysis of all relevant costs.

### **Policy 11**

Clark County shall develop and adopt multi-year capital improvement plans to guide current and future major capital facility and equipment expenditures.

### **Policy 12**

Clark County will develop investment strategies to maximize return on investments while protecting the public's assets.

### **Policy 13**

The County shall restrict direct debt to the limit identified in Article 8, Section 6 of the Washington State Constitution. In addition, the County will be prudent when considering appropriate levels of debt, limiting debt service to the County's current and future ability to finance that service without diminishing core services. In recognition of the value of the County's ability to raise money at competitive rates, the County will also consider the impact of any new debt on future bond ratings. Biennial budget appropriations shall include debt service payments and reserve requirements identified in bond covenants for all outstanding debt.

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## County Fiscal Policy (continued)

### **Policy 14**

Clark County recognizes that net direct debt service should be no more than ten percent (10%) of the operating revenues of the issuing fund and the General Fund combined.

### **Policy 15**

Where possible, Clark County will use revenue or other self-supporting bonds instead of general obligation bonds except where significant interest differences become a primary consideration.

### **Policy 16**

Clark County will not use long-term debt to finance current operations. Long-term borrowing will be confined to capital improvements or similar projects with an extended life which cannot be financed from current revenues.

### **Policy 17**

Clark County will keep the maturity of general obligation bonds consistent with or less than the expected lifetime of the project, with a goal of amortizing at least an average of five percent (5%) of project costs per year. All future long-term debt will have prepayment options unless alternative debt structures are judged more advantageous to the County.

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# Strategic Planning Process

## Factors in Developing the 2011/12 Biennial Budget

Clark County has placed more emphasis in recent years on the strategic planning approach in order to address policy changes necessitated by internal and external changes. Reductions in County revenues and the Washington Growth Management Act are examples of external changes affecting County strategies; technology advances and adjustments to service delivery are examples of changes internal to the organization.

For development of the 2011/12 biennial budget each functional area considered future budgets through 2013/14. In this way, they not only focus on immediate needs but begin identifying long-term operational and capital needs, and consider the means to provide the necessary revenues. Another consideration is the effect a request in one department may have on others.

## Critical issues

The economy is improving slowly but Clark County still lags behind other communities in our region and well behind the nation as a whole. For example, sales tax revenue remains 18 percent below levels posted in 2008. The 2009/2010 budget was adopted and repeatedly revised downward during a period of economic upheaval and uncertainty unlike any other since the 1930s. In all, the General Fund budget was cut 22 percent, or \$62 million, from its peak in 2007/2008. The county cut 270 jobs, or about 15 percent of our workforce, through layoffs, retirements, resignations, and elimination of vacant positions. Expenses were decreased by reducing hours and pay for about 200 employees. Management salaries were frozen throughout the biennium. General wage freezes for non-management employees began in 2010 and are projected to continue at least through 2011.

## Strategies to Achieve Countywide Goals

Strategically applying our diminished resources requires prioritization and a focus on maintaining critical areas. To monitor the link between goals, strategies, and objectives the County surveys citizens as part of the Service Efforts and Accomplishments Report. The data acquired and evaluated in that endeavor forms the foundation for measuring the County's progress in better serving the will of the people.

*Strategically applying our diminished resources requires prioritization and a focus on maintaining critical areas.*

What a county deems most important will govern the way it spends available funds. Policies reflecting the direction of Clark County, the breadth of its responsibilities, and its fiscal obligations are established by the Board of County Commissioners and other County elected officials. Within that context, the County will first fund **mandated services** and the indirect services necessary to support them. Mandated services are those direct services required by federal or state law.

The County next considers **essential services** and the indirect services necessary to support them. Essential services are direct services necessary for community safety or health.

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**Discretionary services** receive consideration after mandated and essential service levels are set. Discretionary services are warranted when there is clear public need and no other service provider exists.

In addition to the categories above, County policy places emphasis on the scope of services, with priority going to those programs that are regional in nature.

## Other Planning Processes

Clark County actively reviews its organizational structures and service delivery systems to ensure they are as effective and efficient as possible. Based on public input, priority is given to maintaining and improving the organization's day-to-day delivery of these services. The County's other processes that mesh with budgetary decisions are listed below.

### Financial Plan and Six Year Forecast

The Financial Plan describes Clark County's financial condition in the context of historical analyses and current projections. One of the uses of the information is to create a six-year forecast which can show impact analyses for funding decisions proposed during the budget development process. By placing various proposals within the forecast, final budgetary decisions are made with a more complete financial understanding.

*The six-year forecast shows the impact of funding decisions as they are proposed during the budget development process.*

### Financial Trends Report

One of the provisions of the Clark County Fiscal Policy Plan is an annual report to monitor financial trends. The report includes key financial and economic indicators for the government and community of Clark County. Information is derived from various County financial records and reports, including the Comprehensive Annual Financial Report (CAFR), and from other local and state governments and agencies.

The financial trends report presents the 17 fiscal policies included in the Clark County Fiscal Policy Plan which are guidelines for the prudent management of the County's finances. A brief narrative following each policy statement provides an opinion of the degree to which the County is in compliance. For fiscal year 2009/10, the biggest percentage cuts were in the Community Development Fund and the highest dollar cuts were in the General Fund. Operating deficits in 2008 of \$4.1 million in the Community Development Fund and \$6.5 million in the General Fund were addressed in 2009. Nonetheless, restrictions imposed by property tax limitations, high local unemployment, and the long term prospects for slow growth in the economy continue to provide a difficult environment for the future.

Fourteen of the 43 trend indicators followed in the Financial Trends Report were deemed to be "favorable", down from 15 in 2008 and 21 in 2007. Favorable ratings can be found in all categories. There has been a downward trend of the total number of favorable ratings for the past several years as several ratings have deteriorated along with the decline in new construction revenue in the County; notably, building fees, planning and impact fees, real estate excise tax (REET), and sales tax.

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Positive signs reported in the Financial Trends Report are that the County continues to adequately maintain roads, buildings, and other assets; fund balance in the Road Fund continues to increase; long-term debt is the lowest it has been since prior to 2004 and short term debt was minimal at the end of 2009. Also, intergovernmental revenues (grants) continue to remain stable and enterprise funds continue to have total revenues and other sources of funds that exceed total expenditures on a consistent basis.

Seventeen indicators were labeled “mixed”, up from 16 in 2008. This category is assigned if a portion of the indicator is unfavorable, or if there is a trend showing the indicator moving in an unfavorable direction. Four of ten revenue indicators are rated as mixed, reflecting the uncertainty related to the current economic slowdown that we are experiencing. Many of the revenues continue to be impacted by the economic slowdown, particularly the decline in construction activity.

Twelve trends were identified in the Financial Trends Report as “unfavorable”, up from 11 in 2008 and 5 in 2007. Tax revenues per capita declined in 2009 for the second consecutive year. Property tax limitation measures, flat intergovernmental revenues, excise, and sales tax revenues contributed to the decline. Governmental operating expenditures per capita in 2009 decreased by eight percent from 2008, when adjusted for inflation.

### **Capital Improvement Plan**

The Capital Improvement Plan (CIP) is a six-year forecast that establishes the long-term plan for capital expenditures for public facilities and infrastructure (buildings, roads, etc.). The CIP is presented as a plan of work and proposed expenditures, and is the basis for the development of the Capital Budget. Capital projects in the CIP include land, structures, equipment, road improvements, information technology, and machinery. Other considerations are also factors, such as protecting capital investments, operational and other cost savings, potential of lost opportunities, flexibility in service delivery, total debt capacity, and financing strategies.

### **Limits to Staffing Growth**

In 2001/2002, the County adopted an FTE growth policy that limits FTE growth to two percent per year. The 2003/2004 biennial budget further restricted FTE growth to zero for new positions that do not have a source of funding. The 2009/10 budget was reduced by 149.20 FTE compared to 2007/08. The 2011/12 budget essentially maintains that reduction, with a further decrease of 1.35 FTE, for a total of 1,639.80 FTE for the biennium.

### **Service Efforts and Accomplishments**

Many of the County’s measurable objectives are part of the Service Efforts and Accomplishments (SEA) Report, which is summarized on the following pages. The citizen survey conducted for the report plays an important part in other planning processes. The SEA report describes trends and, where appropriate, identifies potential issues and concerns and what might be done to address these concerns. To do this, the report presents information on a broad range of program measures, including not only information about the acquisition and use of resources (staffing and spending), but also about the outputs (work load) and outcomes (results) of services provided.