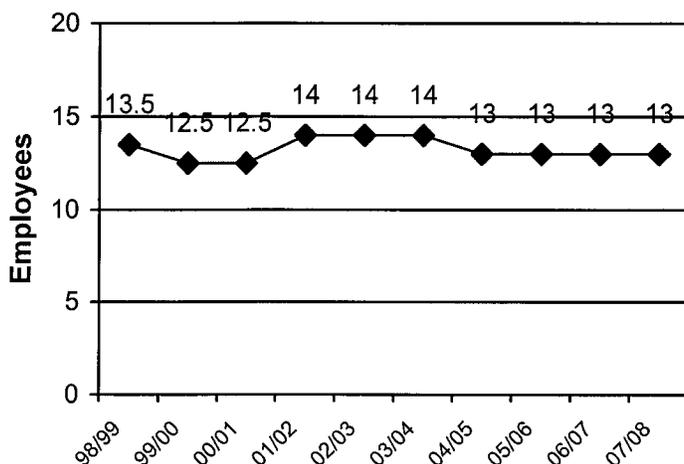


**MISSION STATEMENT**

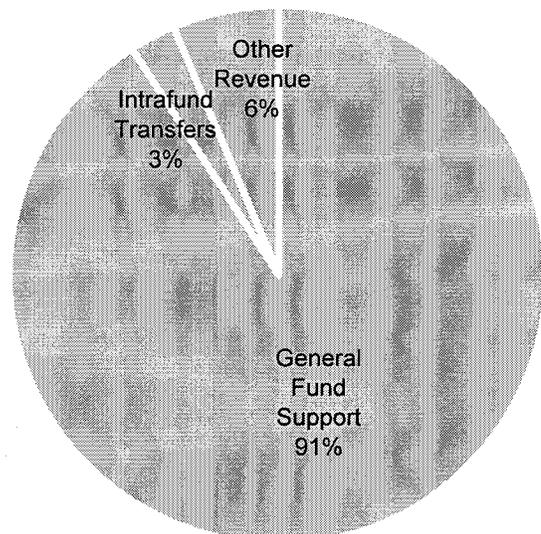
We, the Administrative Office, connect people to their government by practicing and promoting continuous improvement in communications, accountability and service.

<u>Financial Summary</u>	<u>2006-07 Budget</u>	<u>2006-07 Projected</u>	<u>2007-08 Requested</u>	<u>2007-08 Recommended</u>	<u>Change From 2006-07</u>
Revenues	\$ 91,732	\$ 72,713	\$ 126,172	\$ 126,172	\$ 34,440
Salary and Benefits	1,599,978	1,663,876	1,681,886	1,749,680	149,702
Services and Supplies	252,734	292,496	243,467	233,467	(19,267)
Fixed Assets	10,000	10,000	0	0	(10,000)
<b>**Gross Expenditures</b>	<b>\$ 1,862,712</b>	<b>\$ 1,966,372</b>	<b>\$ 1,925,353</b>	<b>\$ 1,983,147</b>	<b>\$ 120,435</b>
Less Intrafund Transfers	71,972	71,972	59,008	59,008	(12,964)
<b>**Net Expenditures</b>	<b>\$ 1,790,740</b>	<b>\$ 1,894,400</b>	<b>\$ 1,866,345</b>	<b>\$ 1,924,139</b>	<b>\$ 133,399</b>
 General Fund Support (G.F.S.)	 <u>\$ 1,699,008</u>	 <u>\$ 1,821,687</u>	 <u>\$ 1,740,173</u>	 <u>\$ 1,797,967</u>	 <u>\$ 98,959</u>

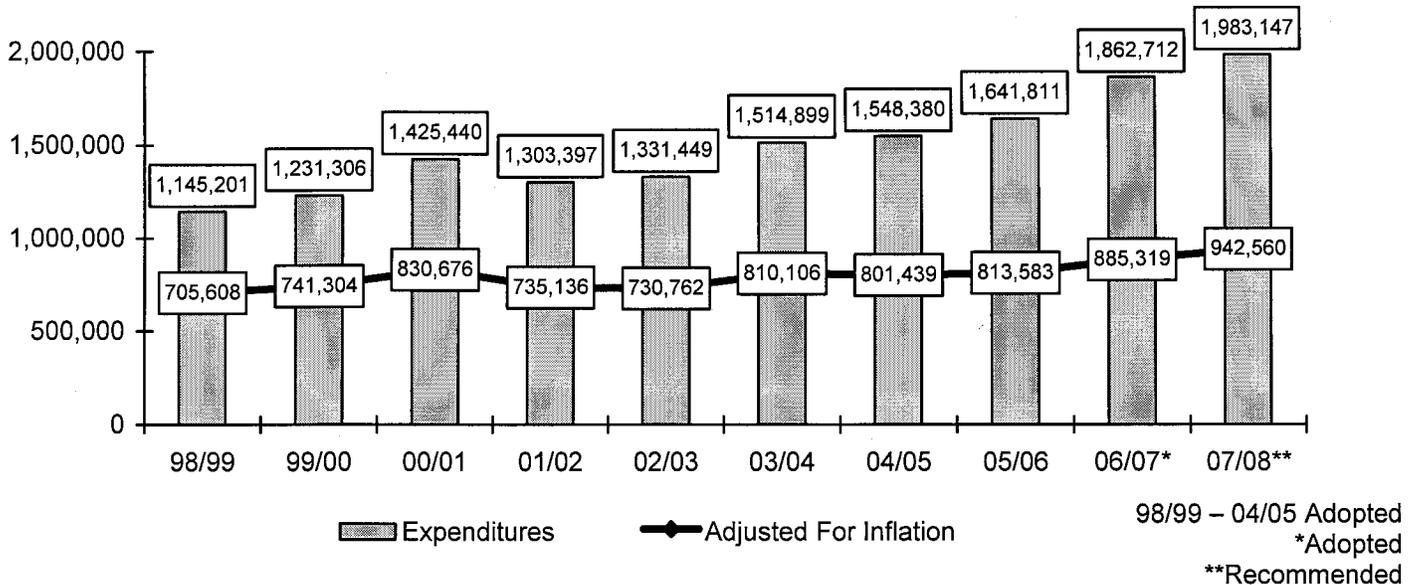
**Number of Employees**  
(Full Time Equivalent)



**Source of Funds**



10 Year Expenditures Adjusted For Inflation



**SERVICE PROGRAMS**

**Citizen Outreach/Support**

Represents efforts geared toward connecting the public with county government. Includes activities such as surveying the community for feedback to improve performance; developing informative presentations and materials to improve communication with the public; and promoting technology to make county government more accessible (e.g., online access to county information, televised Board meetings, etc.).

Total Expenditures: \$63,500 Total Staffing (FTE): 0.50

**Organization Support**

**Board of Supervisors:** Provide high quality staff support to maximize Board effectiveness. Includes activities such as implementation of Board policy, sound financial planning through annual preparation and regular review of the County budget, labor relations, preparing the weekly Board agenda, responding to requests for information, and resolving citizen complaints, etc.

**County Departments:** Provide high quality staff support to maximize county department effectiveness. Includes activities such as providing policy analysis and guidance, troubleshooting, and keeping departments up to date on important issues.

Total Expenditures: \$1,860,639 Total Staffing (FTE): 12.25

**Organizational Effectiveness**

Represents efforts geared toward creating a high performance “results oriented” County organization. Includes activities such as promoting strategic planning, goal setting, and performance measurement throughout the organization and encouraging continuous improvement through a regular organizational review process (e.g. the organizational effectiveness cycle process).

Total Expenditures: \$59,008 Total Staffing (FTE): .025

**COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS**

**Projected Results for 2006-07**

Please note that key issues/goals for 2007-08 will be refined as we complete office and Board of Supervisors’ strategic plan updates in spring/summer 2007

**Customer Service:**

- Conducted a Citizens Satisfaction survey to measure community perception regarding County government services
- Researched and analyzed data for the 2007 Communitywide Results and Indicator report, which tracks key measures related to the County's vision (Safe, Healthy, Livable, Prosperous and Well-Governed)
- Developed and implemented template for "Department Performance Profiles" to illustrate departments' goals, accomplishments and challenges
- Administrative Office annual survey of County departments resulted in overall rating of 3.66 (3.0 = satisfied; 4.0 = very satisfied)
- Annual survey of Board of Supervisors resulted in ratings of satisfactory or above in all areas of service.
- Developed County's legislative platform to ensure the state legislature is made aware of San Luis Obispo County's goals and concerns
- Conducted annual prevailing wage survey for all represented and management employees
- Assisted hundreds of County employees transition as smoothly as possible to new medical providers after major health plan abruptly and unilaterally opted to make substantial changes to the medical provider panel that left many employees without access to primary or specialty care providers
- Managed, at the Board's request, a public art program for the new County Government Center that resulted in paintings, photographs and a mobile being installed on the ground floor. The final component of the program, a sculpture for the exterior of the building, should be installed by summer 2007.

**Focus for 2007-08:**

- Work with Board and departments to develop and implement and assess action plans in response to 2006 Citizen Satisfaction survey
- Research and pilot Countywide newsletter to highlight key issues and departmental/employee accomplishments
- Compile and public the 2007 Communitywide Results and Indicators report

**Internal Business Process Improvements:**

- Facilitated two Board of Supervisors' strategic planning sessions to solicit direction related to future County initiatives and improvements
- After conducting a two year pilot project, obtained Board approval for the Return to Work program. This program is designed to take maximum advantage of opportunities for safely returning to the workplace as soon as possible after an injury, thereby improving productivity and saving money
- Continued work with management and confidential employees to improve the compensation survey process
- Transferred the Risk Management division of the Administrative Office to Personnel to form a new "Human Resources" Department
- Expect to completed Administrative Office strategic plan and identified major goals/challenges for the next 3-5 years

**Focus for 2007-08:**

- Develop implementation plans in response to Board and Administrative Office strategic planning sessions. Specific plans will be determined based on Board priorities
- Analyze, develop and plan for implementation of new budget system
- Research and develop pilot "pay for performance" program

**Financial Status/Cost Efficiency:**

- Completed 2006-07 Proposed Budget with focus on demonstrating meaningful, measurable results or outcomes
- Reduced workers compensation charges to County departments by \$3.75 million through aggressive claims management
- Implemented a progressive employee pre-placement physical program that keeps employees safe in the workplace and reduces costs associated with employee illness and injury
- Completed the annual review/update of the County's fee schedule
- Monitored departments' financial status and provided the Board with quarterly financial reports

- Completed and presented to Board a long term infrastructure needs overview and related financial analyses
- Completed review of Parks and Recreation Committee recommendation to create a freestanding Parks Department
- Continued work on Los Osos wastewater treatment project with Board of Supervisors, County Counsel and Public Works staff in an effort to avoid negative financial impacts on the County and taxpayers
- Worked with the Pension Trust Board to phase in substantial pension rate increase to avoid substantial disruption to services provided by County departments
- Working with the Probation Department, implemented an expense recovery program for individuals who have the capacity to pay a portion of the cost for the use of Public Defender services
- Developed a Memorandum of Understanding with the Administrative Office of the Courts that facilitated the successful approval of a new Court facility in Paso Robles

**Focus for 2007-08**

- Continue timely and accurate financial oversight responsibilities (budget, fees, routine financial reports, etc.)
- Manage labor relations program to honor fiduciary responsibility to taxpayers and promote effective working relationships with the various employee associations
- Work with Health Agency and other programs that are largely administered on behalf of the state and federal governments to determine options for continued funding of those programs

**Learning and Growth/Employee Development:**

- Recommended creation of Planning for the Next Generation Committee to develop initiatives aimed at strengthening processes for recruiting and retaining qualified employees
- Conducted second Employee Opinion Survey with assistance from employee associations
- Oversight of the Employee University was returned to the Administrative Office (from Personnel). By the end of 2006-07, we estimate almost 600 County employees will have participated in 30 classes offered through the Employee University. Employees participating in those classes report a high level of satisfaction with the course content and job applicability

**Focus for 2007-08:**

- Implement a Supervisory Academy to enhance supervisors and managers ability to set expectations, provide meaningful feedback, coach/mentor and hold employees accountable
- Work in concert with Human Resources to develop an implementation plan for succession planning initiatives and recommendations from the Planning for the Next Generation committee
- Complete individual development plans for all Administrative Office staff
- Two long term, experienced employees retired in the last year, several other staff have accepted promotions within the County, and we anticipate at least two more veteran employees will be retiring in the next year or so. A key focus for the Administrative Office – and many other County departments – is ensuring existing systems and processes are well documented and that new employees receive training needed to ensure a smooth transition.

**Summary of Recommended Budget Changes:**

Recommended expenditures for the Administrative Office reflect an increase of about \$133,000, or 7%, compared to FY 2006-07 and the level of General Fund support increases 5%. Principal drivers of this increase are:

- Salary and benefit accounts increase by approximately 9%, reflecting annual prevailing wage increases, increased pension rates ordered by the Pension Trust Board and the new charges recommended by the Auditor to begin funding for future retiree health benefits. These accounts also reflect the addition of 1.0 FTE Administrative Analyst to support the County's labor relations program (more information to follow) and the deletion of an Administrative Analyst Aide position to offset the cost of the new position.
- Services and supply accounts decrease by approximately \$20,000, or 7%. Typical inflationary cost increases in many of these accounts have been more than offset by a reduction in funding for outside labor negotiator services as well as reduction in auto allowance expenses.

- Revenue accounts decline by approximately \$13,000, reflecting a reduction in reimbursement for support/oversight of the Office of Emergency Services (a division of the Administrative Office). Clerical support for fund center 138 – Emergency Services – is proposed to increase from .75 FTE to 1.0 FTE, thereby alleviating the need for as much support from Administrative Office staff.

The additional position for Labor Relations is intended to augment the existing 1.0 Analyst working in this program. Approximately four years ago, oversight of the Labor Relations Program was transferred from Personnel to the Administrative Office. This program had been staffed with 1.5 FTE professional (Analyst) staff in the Personnel Department, along with support from Personnel's clerical unit and contract labor negotiator services. When the program was transferred to the Administrative Office, only 1.0 FTE Analyst was transferred with it. The balance of the workload was absorbed by existing staff in the Administrative Office, including one of our Administrative Analyst Aide positions.. This change allowed Personnel to redirect the remaining staff to support their core services and reduced administrative costs for the Labor Relations program.

While we have effectively managed this program at a reduced cost for the past four years, two issues prompt a recommendation to add one staff position to this program, funded primarily with savings from elimination of an existing position in the department. First, the County will begin negotiations on successor agreements with its two largest employee associations in 2008. As part of those negotiations, it is expected that the largest bargaining unit (SLOCEA) will request a comprehensive compensation review for its represented classifications. While it is difficult to estimate the resources that will be required to support these negotiations, staff conservatively estimates that the additional Analyst will save the County at least \$40,000 in expenses for contract labor negotiator services. Second, development and implementation of the new budget system – which was put on hold pending implementation of the new financial/payroll and human resources systems – begins next year as well. The new budget system will include a salary projection module that is critical to both the labor relations and budget preparation processes. Significant staffing increases have been approved in the past few years to support the new financial/payroll and HR systems. An additional 2.0 FTE are recommended to be added in 2007-08 to support those systems. Given the challenges experienced with implementation of these other systems, it is not yet clear how many additional staff may be required to support the new budget module.

**BUDGET AUGMENTATION REQUESTS RECOMMENDED**

Unit Amount	Description	Results
Gross Expense: \$112,308  Net Expense: <\$3,500>	Add 1.0 FTE Administrative Analyst to support the County's labor relations program  Delete 1.0 FTE Administrative Analyst Aide	<ul style="list-style-type: none"> <li>• Salary projection module implemented with new budget system will replicate all existing essential functions with no errors resulting in financial consequences for employees or the County</li> <li>• At least \$40,000 reduction in contract labor negotiator costs in 2008-09, when negotiations begin on new contract with two largest bargaining units</li> <li>• Reduce overall expenditures by at least \$3,500</li> </ul>

**GOALS AND PERFORMANCE MEASURES**

**Department Goal:** To ensure the long-term financial stability of the County.  
**Communitywide Result Link:** A well-governed community.

**1. Performance Measure: Ratio of long-term debt to capital assets.**

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
9%	10%	8%	7.7%	8%	8.1%	8.5%

**What:** This measure shows the ratio of long-term debt relative to the value of all our capital assets (e.g. land, buildings).  
**Why:** This measure provides staff, the Board and public with information on the financial health of the County. It is our goal to keep our debt as low as feasible.  
**How are we doing?** Each year the ratio fluctuates depending on the number and values of capital projects. Funding for the Paso Robles Court Building COP was approved by the Board in January 2007. Project costs are approximately \$12.2 million with \$360,000 in debt service being anticipated. The County's credit rating remains strong (A+ from Standard and Poor's) due in part to strong financial operations and good reserve levels.

**2. Performance Measure: Ratio of contingencies and general reserves to the County's total General Fund operating budget.**

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
8.4%	8%	6.8%	7.2%	7.4%	6.9%	7.02%

**What:** This measure shows how much money the County has in "savings" relative to our daily, ongoing expenses.  
**Why:** The measure provides staff, the Board and public with information on the financial health of the County. Our goal is to have a prudent level of savings that allows us to plan for future needs and "weather" economic downturns.  
**How are we doing?** For fiscal year 2006-07 reserves remained near current levels and contingencies were 5% of the General Fund operating budget, per Board budget policies.

**Department Goal:** To provide high quality staff support in an effort to maximize the effectiveness of the Board of Supervisors.  
**Communitywide Result Link:** A well-governed community.

**3. Performance Measure: Percentage of Board members who respond to survey that indicates the Administrative Office staff provides satisfactory or better staff support.**

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
100%	100%	100%	100%	100%	100%	100%

**What:** The County Administrative Office surveys the Board of Supervisors annually to determine their level of satisfaction with our staff support relative to accuracy, responsiveness, responsibility, timeliness and trustworthiness.  
**Why:** The information gained from this survey allows us to continuously improve staff support to the Board.  
**How are we doing?** Based upon survey results the Administrative Office is meeting or exceeding the expectations of the Board members.

**Department Goal:** To provide high quality staff support in an effort to maximize the effectiveness of County departments.  
**Communitywide Result Link:** A well governed community.

**4. Performance Measure: Percentage of departmental respondents that indicate the Administrative Office staff provides satisfactory or better support services.**

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
100%	100%	100%	100%	100%	100%	100%

**What:** The County Administrative Office surveys departments annually to determine their level of satisfaction with our staff support relative to accuracy, responsiveness, responsibility, timeliness and trustworthiness.

**Why:** The information gained from this survey allows us to continuously improve our service to departments.

**How are we doing?** Based upon the survey results the Administrative Office is providing satisfactory or better support services to departments.

**Department Goal:** To create an environment whereby all employees feel valued and are proud to work for the County.

**Communitywide Result Link:** A well-governed community.

**5. Performance Measure: Percentage of employees that indicate in a biannual workforce survey overall satisfaction with their job.**

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
Survey delayed	N/A	81%	Next survey in FY 2006-07	Next survey in FY 2006-07	85%	Next survey in FY 2008-09

**What:** The County Administrative Office administers a survey of all permanent County employees to gauge their overall level of satisfaction with their job.

**Why:** This information will be used to help assess our organizational health and identify areas for improvement.

**How are we doing?** The Employee Opinion survey was administered in December 2006. Over all a total of 1,452 usable responses were received – 63% response rate. Of these, 1,346 employees indicated their level of agreement with the statement “I am satisfied with my job.” – 53% indicated that they strongly agreed with this statement, 32% somewhat agreed, 7% neither agreed or disagreed, 6% somewhat disagreed, and 2% strongly disagreed. Therefore, 85% of the County employees responding to this statement in the survey indicated they were satisfied with their job.

**6. Performance Measure: Full-time equivalent Administrative Office budget analyst staff per 1,000 county employees.**

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
1.87	1.81	1.60	1.56	1.56	1.56	1.56

**What:** This shows Administrative Office budget staffing per 1,000 county employees.

**Why:** This data can be compared with other Administrative Offices of similar characteristics to provide one measure of whether we are appropriately staffed for budget preparation and administration.

**How are we doing?** The total FTE budget analyst staffing levels per 1,000 employees for our comparable counties ranges from a high of 3.74 in Marin County to a low of 1.25 in Monterey County. The average was 2.28 with San Luis Obispo County at 1.56.