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Current Situation

*The projected state deficit for
the 2012-13 biennium is
\$4.0 to \$6.0 billion?*



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County Funding at Risk

- **County Program Aid (CPA)**
 - *\$226 million per year*
- **CCA Funding/County Probation Funding**
 - *\$45-50 million*
- **Block Grants**
 - Children and Community Services Assistance
 - *\$67 million per year*
 - Local Public Health Grant
 - *\$20 Million per year*
- **Environmental Grants**
 - Natural Resources Block Grant
 - *\$3.9 million per year*



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2011 Levy Limits

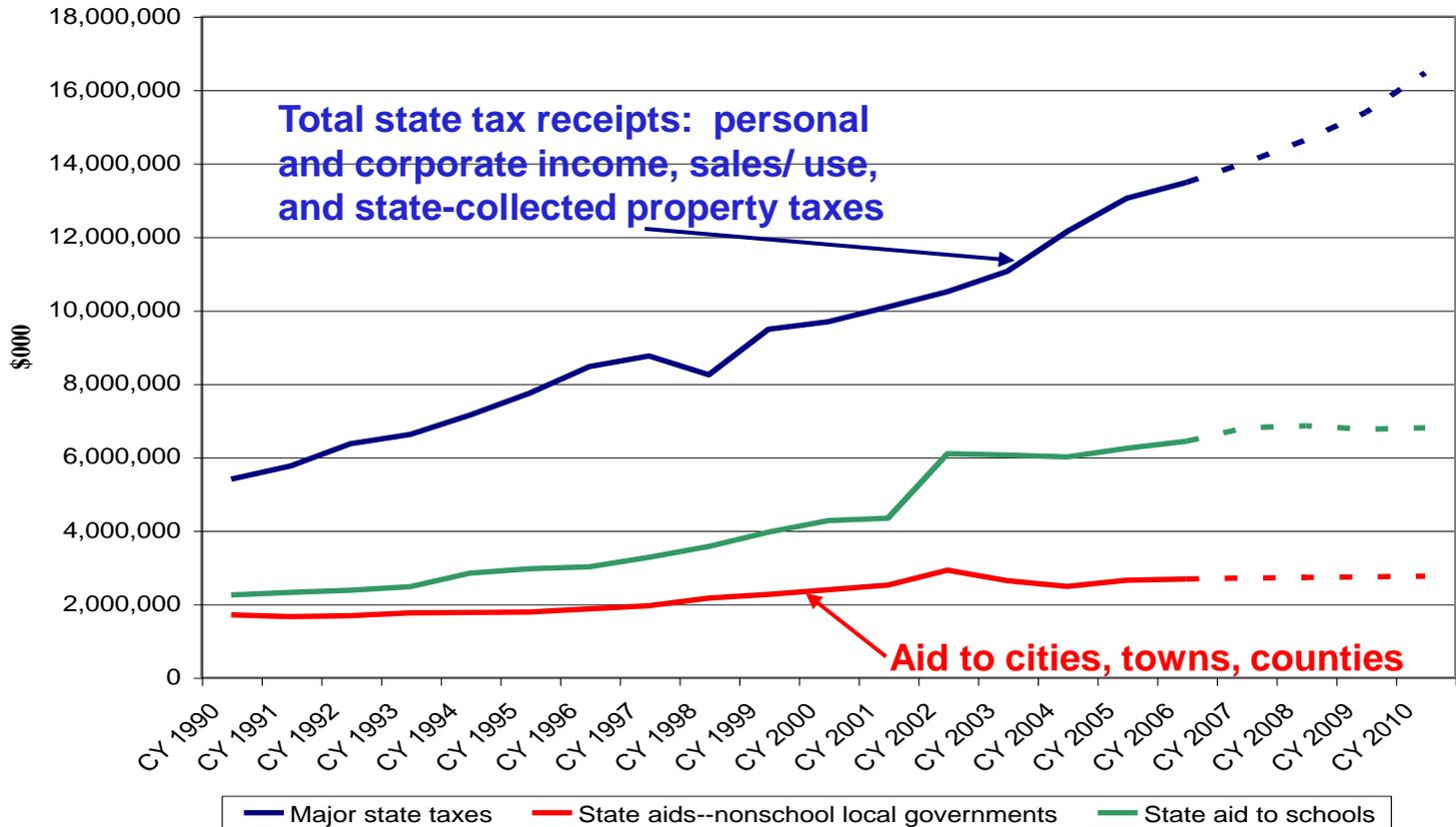
- The 2011 levy limit without special levies is between .5% and 1.5%
- Counties were able to levy back and include
 - December 2008 unallotment
 - July 2009 unallotmentas part of the September certified levy
- Counties will be able to recertify their 2011 levy to levy back:
 - December 2009 unallotment
 - 2010 unallotment



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State tax receipts have grown steadily, but the amount shared with cities and counties was cut and then flattened since 2003



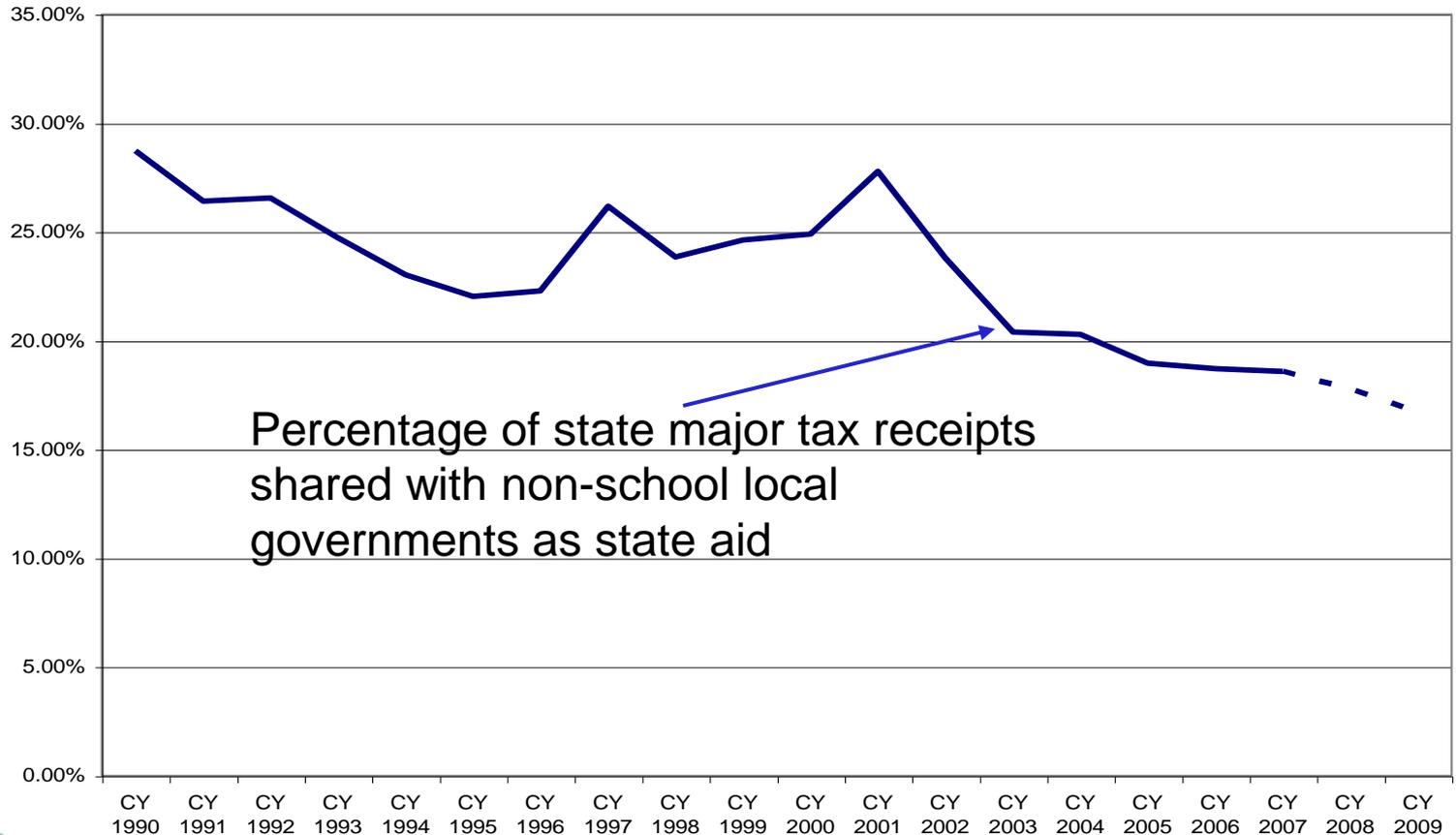
Carol Anderson Class

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Source: Price of Government data, May 2007.

The percentage of state tax collections shared with local governments has been dropping over time



Carol Anderson Class

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BRAINERD, MN Source: Price of Government data, Nov. 2007.

The debate on intergovernmental aids

- To the extent that local government aid continues to decline, the state will impair its ability to achieve the objectives of economic stabilization between sub-regions of the state as well as income distribution goals.
- Local governments will be left to fend more for themselves with own-source revenue leaving inequities in service levels between communities based on tax base.



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What's the Point?

- Counties are political subdivisions of the State.
- It doesn't matter whether we're the solution or the problem.
- People just want their government to work.
- Who do we serve and how can we best serve them?



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History of County Government

Traditional Bureaucracy	Transformed Government
Statute and Rule Directed	Mission and Results Directed
Hierarchically Driven	Team and Network Driven
Control Centralized	Decentralization/Empowerment
Primary Accountability For Conformance To Rules	Primary Accountability For Results
Assume People Cheat; Control Them	Assume People Perform; Empower Them
Quality Defined As Adherence To Standards	Quality Defined As Meeting or Exceeding Customer Expectations
Exclusive Service Mandate	Choice and Competition
Focus On What's Best For The Organization	Focus On What's Best For Customers and Citizens



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Our Starting Point: 2007-2008

- \$50 M debt; \$70 M budget.
- Unfunded OPEB liability of \$36 M; currently using pay-as-you-go.
- Highway Dept running negative cash flow 8 months of the year.



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Our Starting Point: 2007-2008

- 3-Year labor contracts:
 - 2009: 3%
 - 2010: 1.5%
 - 2011: 2%
- Implemented new pay plan in 2007.
- SCHA cash call of ~\$2 M



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Old Math versus the New Math:



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Our Starting Point: 2007-2008

- Solid finance staff
- Brand new County Board in 2006
- Between 2007-2008: Brand New County Administrator, County Sheriff, Highway Engineer, Land Services Director, County Auditor, HR Director.
- We got a fresh start.



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2009 Budget:

- 2.98% levy increase—lowest in over 10 years
- Reduction of 26.3 FTEs, 10 involuntary.
- \$500,000 levy funding for OPEB
- \$500,000 levy increase for Highway



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Revised 2009 Budget:

- Reduced expenditures by an additional \$1.2 million
- Reduced staff by an additional 10 FTEs, 2 involuntary



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2010 Budget:

- Levy increase of 2.95%--lowest percent increase in 13 years.
- Reduced staff by an additional 13.9 FTEs, 1 involuntary
- Included \$500,000 levy funding for 800 Mhz.



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2011 Budget:

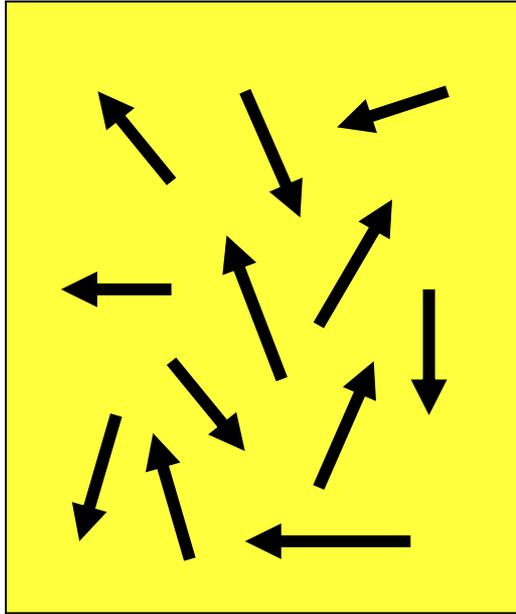
- Levy increase of 0.0% --lowest percent increase in 17 years.
- Reduced staff by an additional 11.3 FTEs, 1 involuntary
- 14.5% reduction in staff since 2008



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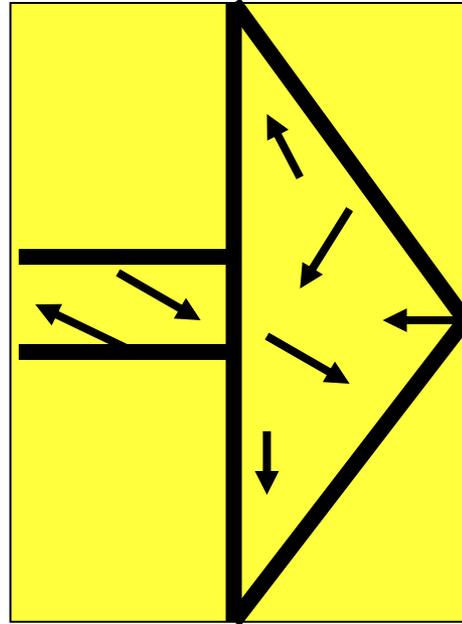
NO VISION



***Groups move
in various
directions**

***No plan or
coordination**

IMPOSED VISION

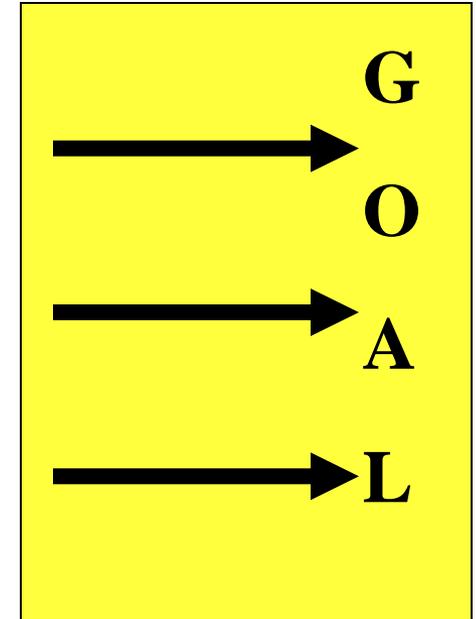


***Plan without
community
involvement**

***Lots of energy
expended resisting**

***No forward
movement**

SHARED VISION



***Community
planning**

***All groups acting
in concert**

***Plans become
reality**

Formula For Managing Complex Change

Vision + **Skills** + **Incentives** + **Resources** + **Action Plan** = **CHANGE**

Skills + **Incentives** + **Resources** + **Action Plan** = **CONFUSION**

Vision + **Incentives** + **Resources** + **Action Plan** = **ANXIETY**

Vision + **Skills** + **Resources** + **Action Plan** = **RESISTANCE**

Vision + **Skills** + **Incentives** + **Action Plan** = **FRUSTRATION**

Vision + **Skills** + **Incentives** + **Resources** = **TREADMILL**

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How did we do that?

- Philosophically: viewed the crisis as an opportunity.
- Vision: Not just cheaper, but different and better.
- Tactics: corporate mergers, high employee-involvement, “radical efficiencies,” setting priorities, wringing out inefficiencies.



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How did we do that:

- Opportunities in county org structure
- Re-organize around the customer
 - Land Services
 - Community Services
 - Transportation & Infrastructure
 - Law Enforcement/Legal Services



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How did we do that?

- We can serve our customers better for less cost, e.g. Community Services
- Abandoned traditional Dept Head structure.
- Prioritized every book of business



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How did we do that?

- Use of cross-functional work teams, Community Services, Data Integrity, Social Media, etc.
- Process improvement mapping.
- Reduced health insurance costs.
- Eliminated premium pay for all exempt staff and curbed OT for all.



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How did we do that?

- Eliminated animal control services
- Eliminated Parks Dept.
- Focus on mission-critical
- Cut services to constituents last, not first.
- Keep your eyes on the horizon.
- Communication, communication, communication!



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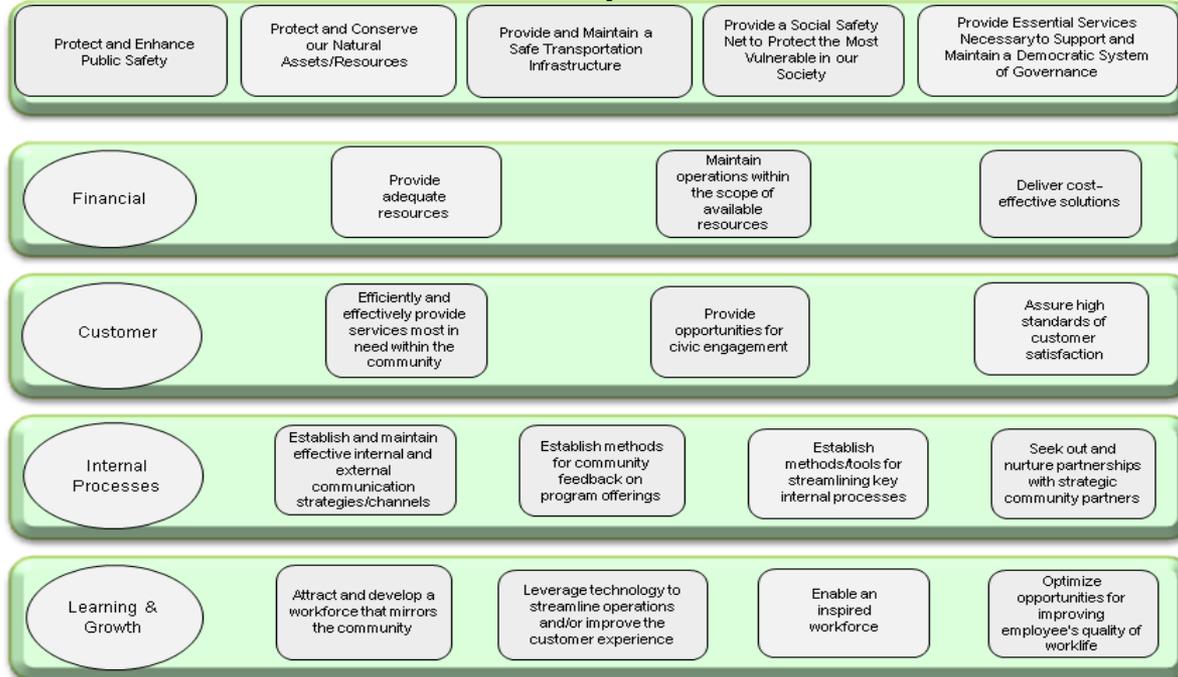
The Vision of Crow Wing County is to be a leader among MN Counties in providing best-in-class public services to our community.

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Crow Wing County Mission

We provide the foundation for a civilized, democratic society through the provision of high-quality, cost-effective public services to residents and visitors in a friendly and respectful manner.

Organizational Priorities



Crow Wing County Values

Organization Excellence
 *Service Excellence
 *Operational Excellence
 *Program Excellence

Respect for the dignity and rights of every citizen.

Creative, engaged, and empowered employees provide the highest quality of service.

Open, honest, and direct communication leads to more citizen and employee trust and engagement.

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Broad priorities:

- Protect and Enhance Public Safety
 - Criminal Justice System
 - Probation
 - Deputies and patrolling
 - 911 Dispatch
 - Jail
 - Boat and Water
 - Snowmobile Safety



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Broad priorities:

- Provide and Maintain a Safe Transportation Infrastructure:
 - Build roads and bridges
 - Design
 - Contracted procurement
 - Maintain roads and bridges
 - Crack Sealing
 - Snow Plowing
 - Patching
 - Shouldering



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Broad priorities:

- Provide a Social Safety Net to Protect the Most Vulnerable in our Society:
 - Income Maintenance
 - Child Protection
 - Vulnerable Adult Protection
 - Developmental Disabilities
 - Senior Services, e.g. Nursing Homes
 - Medical Assistance



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Broad priorities:

- Provide Essential Services Necessary to a Democratic System of Governance:
 - Elections
 - County Board Support
 - Internal Service Departments:
 - HR
 - Finance
 - IS
 - Facilities



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Broad priorities:

- Protect and Conserve our Natural Assets/Resources:
 - Environmental Services—P&Z
 - Public Land Management
 - Extension
 - Solid Waste
 - This is where you come in!



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Impacts of broad scope:

- Hard to attract attention among all the noise.
- Many, many competing priorities.
- Each of the broad priorities tend to be roughly equal in importance.
- The more rural the County, the more roads will be a top priority.



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Impacts of broad scope:

- The larger the County, the more important the Social Safety Net becomes.
- Environmental protection is critically important.
- Environmental protection is not the only thing that is critically important!
- More resources for you means less for something else.



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How do you navigate through this?

- Political
- Economic
- Social
- Personalities

With your professionalism and integrity!



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*Leaders are dealers in
hope.*

Napolean Bonaparte



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There is *always* hope to peddle!



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Key messages for County Employees:



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Organizational Excellence:

- Budget crises come and go.
- Reorganization is a tactic.
- Organizational excellence is the goal.



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Organizational Excellence:

- How do we define it?
 - Service Excellence
 - Operational Excellence
 - Program Excellence



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Organizational Excellence:



- How do we get there?
- **Organizational Perspective:**
 - One organization
 - Shared vision and goals
 - Aligning resources and people to support vision and goals.



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Organizational Excellence:

- How do we get there?
 - **Organizational Perspective:**
 - Innovation: How can we work differently?
 - Less barriers
 - Greater agility



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Organizational Excellence:

- How do we get there?
 - **Organizational Perspective:**
 - Collaboration
 - Cross-utilization
 - Market sensitive to citizen needs
 - Market driven wages and benefits



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Organizational Excellence:

- How do we get there?
 - **People Perspective:**
 - Team of high performers
 - Helping each achieve success
 - Sharing knowledge and resources.
 - Accountable within and without



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Organizational Excellence:

- How do we get there?
 - **Service Perspective:**
 - High quality
 - Responsive
 - Friendly/Respectful



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Organizational Excellence:

- We are a good county with pockets of excellence.
- Great counties have organizational excellence.
- We know who they are.



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Organizational Excellence:

- We have the tax base
- We have the talent
- We have all the right ingredients
- We just need to align them
- I ask for your support on this multi-year journey



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What if my County doesn't look or sound like this?

- They will . . . eventually.
- There is no such thing as a leadership vacuum.
- You can't have leaders without followers.
- You can't have followers without vision.



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Three groupings of Counties:

Small (5,000 – 25,000):

- Small staff
- Lower wages
- May or may not have degree in their discipline.
- Limited or non-existent professional administration staff.



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Three groupings of Counties:

Small (5,000 – 25,000):

- Greatest need for partners to leverage their reach.
- Greatest need for technical assistance.
- Greatest need for leadership both within and without the organization.
- Relationships are critical!



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Three groupings of Counties:

Medium: (25,000 – 70,000):

- Much variation in practice.
- Laboratories of democracy.
- Usually staffed by people educated/trained in their disciplines.
- Can be very nimble . . . when we want to be!



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Three groupings of Counties:

Medium: (25,000 – 70,000):

- Relationships still key.
- Want partners to extend reach and leverage outside resources.
- Wary of partners who want their money.
- It's all about the value proposition; but not from your point of view, from ours.



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Three groupings of Counties:

Large: (70,000+):

- Must be persuaded of the wisdom of the partnership—what's in it for them.
- Have capable staff and can go-it alone.
- Usually slower-moving.
- Leadership is in over-supply.
- Political considerations enter the fray.



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Three groupings of Counties:

Large: (70,000+):

- Work with their vision and their goals.
- What can you do to advance their interests?
- Conversely, what can you accomplish on your own?
- There are many types and larger amounts of resources to work with.



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Risky propositions with all Counties:

- Publicly criticize their work.
- Work at cross-purposes to the County's goals.
- Stay exactly the same as you've always been.
- Carp for more resources without herculean efforts to streamline.



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Tips for dealing with all Counties:

- Tailor your approach to their situation.
- Ask what's keeping them awake at night and help resolve it.
- Work to provide services they come to depend on.
- Be able to view the world from their chairs.



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Submitted Questions:

- Tell us about how Crow Wing County funds the Crow Wing SWCD, housing, and is it a department of the County?
 - Evolving from grants, to fee-for-service, to performance contracting--Focus on results.
 - Co-location—not a County department.
 - Tensions and struggles—trying hard to improve.



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Submitted Questions:

- Would the services SWCDs provide better serve counties by aligning with county boundaries or watersheds?
 - Structurally: watershed
 - Politically: county
 - For now at least, politics trumps watershed



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Submitted Questions:

- How long before counties won't be following traditional county boundaries?
 - Uff da!
 - We don't need 87 counties anymore. St. Louis shows we can manage large geographies.
 - Can we get past parochialisms?
 - Can we get past community identity concerns?
 - Can we convince elected officials to eliminate their own jobs?



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Submitted Questions:

- Would SWCD employees better serve the County if they were housed with the County instead of NRCS?
 - By definition, yes!
 - In reality, it depends:
 - The more agriculturally-based the County, the less important that is.
 - The less agriculturally-based the County, the more important that is.



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Submitted Questions:

- What value do you see SWCDs having in protecting the county's natural resources?
 - Tremendous or I wouldn't be here!
 - Oftentimes, unique technical skills: wetland delineation, etc.
 - Synergy of effective partners leveraging outside resources.
 - Sometimes better at neutral competence.



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Submitted Questions:

- Is there an awareness by counties of the amounts of federal funds SWCDs bring into the county for land owners?
 - I presume not—so should you! I cannot know how much I do not know.
 - If you don't “market” your value, don't expect anyone else to do so or that they will see it themselves.
 - Yours is a value proposition!



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Submitted Questions:

- What do SWCDs do that make us an attribute versus a burden?
 - When you just want money, you join a very large crowd.
 - When you advance our vision, our mission, and our goals, you become a valued partner. If we're not supplying one, you should! Find out what's keeping them awake at night and fix it!
 - Do you contribute to the problem or the solution?



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Submitted Questions:

- How come counties do not consider implementing low impact development for projects?
 - Some do—though usually only as an option with incentives.
 - Property rights vs. environmental protection—you must re-frame the debate.
 - For most parts of MN, land is not in short supply.



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Submitted Questions:

- Should I ask for more than what I need so the cut can come off that or is honesty the best?
 - Honesty is always best. If you are caught in this lie, you will never be trusted again.
 - If we don't want County Boards to micro-manage, then staff needs to stay out of the business of governing. Good staff makes for a good Board and vice versa.



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Submitted Questions:

- How do I frame the budget discussion with the County Board that their support is an investment, rather than an expense?
 - An investment in what? Be specific.
 - An investment in their mission or yours?
 - Why should they make this investment versus roads or public safety?
 - Do they only see you at budget time?



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Submitted Questions:

- What responsibility do counties have to evaluate the significance of who offers what service and the effectiveness of an office?
 - Whoever is spending the money gets to decide the priorities, outcomes, and service delivery methods.
 - More important now than ever.
 - *Must* deliver measurable results.



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Final Thoughts on Leadership:



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Final Thoughts on Leadership:

- Multiple Frames and Key Strategies:
 - Structural—Communicating, realigning
 - Human—Training, involvement, support
 - Political—Negotiate safely, new coalitions
 - Symbolic—Mourn the past, celebrate the future.

One frame is no longer enough!

Reframing Organizations: Artistry, Choice, and Leadership, Bolman and Deal



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Final Thoughts on Leadership:

- Leaders must be committed to the vision and firm in their resolve!
- Leaders must serve others and empower their employees!
- Huh??!!



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Final Thoughts on Leadership:

- There is an artistry to doing both. If the only tool in your toolbox is a hammer . . .



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What can you do?

- Visible Presence: In times of crisis, people look to leaders more than ever.
- Clear Communication: Fear festers in silence.
- Credible Hope: Is there a brighter tomorrow? Needs tangible substance.



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What can you do?

- **Difficult Decision-Making:**
 - Accept tough calls. Influence comes with responsibility and its heavier in tough times.
 - Do your homework
 - Seek counsel from others
 - Set a deadline—manage the “witching hour.”
 - Understand the emotions of making a tough call.



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What can you do?

- Personal Renewal:
 - A climate of fear and uncertainty takes a heavy toll on leaders.
 - When efforts are redoubled, fatigue is normal.
 - Carve out quality time with loved ones.
 - Draw upon their faith in you.
 - Seek beauty in art and nature.



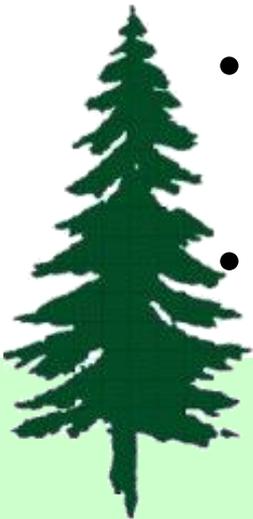
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Final Thoughts on Leadership:

- “The greatest leaders are often, in reality, skillful followers.” B. Keller, Feb. 11, 1990, New York Times, Sec. 4, p. 1
- This isn’t easy; if it were, everyone would do it. That said, anyone can lead if they do so with tact, diplomacy, and resolve.
- “I prefer politics to war because in politics you can perish repeatedly.” Winston Churchill
- If not you, who?



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"It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes up short again and again, because there is no effort without error or shortcoming, but who knows the great enthusiasms, the great devotions, who spends himself for a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat."

Theodore Roosevelt

• "Citizenship in a Republic,"
Speech at the Sorbonne, Paris, April 23, 1910

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Other Questions?



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