

STRATEGIC PRIORITIES

One of the major functions of the Strategic Financial Plan (SFP) is to identify major initiatives, both programmatic and infrastructure related, which are not currently addressed in the baseline operations of the County's Agencies and Departments, or which have a high community awareness. These initiatives are referred to as Strategic Priorities and may include existing programs, new programs, program expansion, innovative partnerships with the community, new facilities and major technology enhancements.

Strategic Priorities are characterized by the following basic criteria:

Significant in Cost Impact - items exceeding \$1 million, particularly those that would require County General Purpose Revenue.

Community Awareness – items that should be on everybody's radar screen, e.g. "at risk youth," urban runoff, health issues, etc.

Outcomes – item should have measurable results so that the item can be evaluated from time to time on the basis of objective results.

Personnel – item may impact current work activities and/or require new positions.

Efficient – item achieves the desired results in a pragmatic and cost effective manner.

Strategic – item may have a long range impact on County government and the community it serves.

The process of identifying Strategic Priorities involves the County's Department Heads, their staff, the County Executive Office and the Board of Supervisors. A total of 48 continuing and newly identified Strategic Priorities were presented at the SFP Department Head Workshop on November 3, 2005. (Since that time, the Sheriff-Coroner withdrew their strategic priority request to *Add 47 Positions for Airport Security* for a revised total of 47 Strategic Priorities included in this report.) The results of the ranking/prioritization process conducted during the Department Head Workshop are reflected on the following pages. This process resulted in identification of the "Top 10" Strategic Priorities for presentation to the Board of Supervisors. Not all of the Top 10 require funding decisions, but all have been identified as issues the Department Heads feel require focus and attention. Following the list of the Top 10 Strategic Priorities is a list of the "Unranked" Strategic Priorities in Program/Agency order.

As mentioned previously, the primary focus of the SFP is programs and resources funded from General Purpose revenues (Net County Cost); however, many of the Strategic Priorities can be funded from dedicated revenue sources (e.g., State and Federal grants). Based upon County Executive Office and department staff review to identify potential funding sources and strategies for implementation of the Top 10 Strategic Priorities, the following funding recommendations were approved by the Board:

Funding Recommendations for the Top 10 Strategic Priorities

1. Youth and Family Resource Centers
Recommend \$1,500,000 NCC funding in FY 06-07 and \$3,000,000 in future years to restore one of four Youth and Family Resource Centers previously closed due to lack of funding.
- 2a. Child Welfare Services
Recommend no NCC funding. Recommend Social Services Agency absorb the NCC portion of this request.
- 2b. Replacement of Network Backbone
Recommend no NCC funding. Recommend replacement of the Network Backbone be funded from Fund 289 Information Technology Internal Service Fund.
- 2c. Health and Wellness Initiative
Recommend \$175,000 NCC funding in FY 06-07 and future years. The balance of the request should be recovered from County departments benefiting from the cost-savings associated with implementation of this program.
3. Preventive Maintenance
Recommend \$100,000 NCC funding in FY 06-07. Recommend re-evaluation of continued and additional funding each new fiscal year to ensure performance measures are being met.
4. Water Quality and Watershed Protection
Defer NCC funding pending results of FBA/Reserves study of Fund 400 Flood. Study results will be available prior to funding decisions being made for the FY 06-07 budget.
5. Alternative Funding for Harbor Patrol Services
On December 13, 2005, four funding options were provided for Board consideration. The Board did not approve any of the options but directed the CEO and Sheriff to consider other options and report back to the Board. The following four options were prepared and will be considered by the Board on March 7, 2006.

Option 1 would eliminate all charges for Harbor Patrol to the HBP, Dana Point and Newport Tideland funds thereby saving HBP \$5.7 million; DPH \$3.1 million; and Newport Tideland \$1.6 million on an annual basis. This option impacts the ability to fund \$900,000 in other county program augmentations and \$1 million in capital projects. It also incorporates the use of a portion of the Sheriff's General Fund Capital Project allocation. Also under this scenario, \$5.1 million would come from SB 90 reimbursements and \$2 million, previously allocated to HBP from the County's 2005 Refinance savings, will transfer over to the Sheriff. This option would cap the growth of

Harbor Patrol cost at the growth in Net County Cost. The incentive for cost control would rest with the Sheriff.

Option 2 would also eliminate all charges for Harbor Patrol to the HBP, Dana Point and Newport Tidelands funds thereby saving HBP \$5.7 million; DPH \$3.1 million; and Newport Tidelands \$1.6 million on an annual basis. This option includes the use of a portion of the Sheriff's General Fund Capital Project Allocation. Under this scenario, \$4.4 million would come from SB 90 reimbursements and \$ 2 million, previously allocated to HBP from the County's 2005 Refinance savings, will transfer over to the Sheriff. In addition, it assumes the Sheriff covers \$2.6 million of the Harbor Patrol Cost within his existing NCC limit based on the idea that a portion of the service can be considered public safety. This option would cap the growth of Harbor Patrol costs at the growth in Net County Cost. The incentive for cost control would rest with the Sheriff.

Option 3 would continue the Sheriff Department charges for Harbor Patrol to the HBP, Dana Point and Newport Tidelands funds. However, HBP and Dana Point Harbor would receive a backfill for those charges from \$3.8 million of SB 90 reimbursements, and the Sheriff's \$3.0 million General Fund Capital project allocation. HBP would keep the \$2 million previously allocated from the County refinancing savings. The backfill to HBP and Dana Point Harbor would be subject to annual review. Newport Tidelands will continue to contribute its share of Harbor Patrol costs because there are sufficient outside revenues to do so and the fund's need for financial relief is not as pressing as the other two funds. This option provides the most flexibility and can tie funding allocation to specific projects and timelines.

Option 4 defines a basic level of service for the Harbor Patrol program as one that employs Sheriff Special Officers as opposed to Sheriff Deputy IIs. The estimated variance in salary for the 40 positions is \$2 million annually. This option recommends the Sheriff absorb the variance in cost as a means to continue Harbor Patrol Services at the current level. The remaining \$8.4 million in cost would be spread across the HBP, Dana Point and Newport Tidelands funds according to the currently prescribed formula. This option will save HBP \$1.1 million; DPH \$600,000; and Newport Tidelands \$300,000 annually.

- 6a. Juvenile Hall – New Facility
Recommend deferral pending planning and design phases, and identification of funding options.
 - 6b. James A. Musick Facility Expansion
Recommend deferral pending planning and design phases, and identification of funding options.
 - 7a. District Attorney High Tech Crime Unit Expansion
Recommend \$710,000 NCC funding in FY 06-07 and future years.
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- 7b. Affordable Housing
N/A – This Strategic Priority does not require NCC funding.
8. IT Business Continuity and Disaster Recovery Plan
Recommend \$455,000 NCC funding in FY 06-07 and future years.
9. Health Care Access for Children
Recommend deferral pending other possible Board action related to this strategic priority.
- 10a. Loma Ridge Facility Expansion
Recommend deferral pending determination of cost associated with this strategic priority.
- 10b. Healthy Eating and Physical Activity Program
Recommend no NCC funding.

Funding Recommendations for Other Strategic Priorities

In addition to the funding recommendations associated with the Top 10 Strategic Priorities, funding is recommended for Strategic Priority #39 *Caps Business Process Re-Engineering*. A \$1,000,000 NCC allocation is recommended for FY 06-07 through FY 09-10.