



***San Mateo County – Our Sacred Cows-
Five Things We Need to Rethink***

***Remarks by: John L. Maltbie,
San Mateo County Manager***

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San Mateo County—Our Sacred Cows—Five Things We Need to Rethink

This evening is one of the last times I'll have the opportunity to address a gathering as your County Manager. So I hope you'll permit me the latitude to reflect on the past as well as look into the future. As I look back on a career that spans 40 years of public service I remember many wonderful people, some of whom are in the audience tonight, that I've had the good fortune to work with. I remember the times when our combined efforts truly made a difference—children that now have access to quality health care, families that receive assistance at school-based multi-service centers, seniors that can live in their homes in dignity with the help of supportive services.

I have always been mindful of Marian Wright Edelman's prayer,

“Help me not to waste time
worrying about the bad world
we have, but to use the time I
have working for the better
world our children need.”

I can still recall when it all began for me—when the idea of a career in public service started to take shape. As an impressionable adolescent in 1960, I was one of millions who was inspired by the words and later the legend of John Kennedy. The idea that public service was an honorable calling, that government could make a positive difference in people's lives, that citizens of a great nation have an obligation to be engaged in its affairs.

Years later as a young Army Officer during the Vietnam War I saw the fearful consequences of ill-conceived government policies. I came to understand that the power of government to help could also be used to do great harm, and that successful government policies must be responsive and yet deliberative, decisive and yet inclusive.

Noted scholar and organizational expert Peter Drucker insightfully distilled the art of government for me years ago when he wrote:

“The purpose of government
is to make fundamental decisions,
and to make them effectively.”

With these words in mind I think it's fair to say that our County and cities in San Mateo are effective in part, because we collaborate with one another.

The City/County Association of Governments enables us to integrate our land use and transportation planning, through the Emergency Services Council we plan for and respond to disasters, we contract with the Peninsula Humane Society for animal control, our 14 fire departments operate as one agency, and our police

departments participate in countywide narcotics and gang suppression task forces. Daly City, South San Francisco, Brisbane and the County jointly manage the sensitive San Bruno Mountain Habitat. Twelve cities and the County participate in the South Bayside Waste Management Authority that operates a transfer station and recycling center, and negotiates refuse collection agreements with contractors. Library services are provided to the unincorporated areas and about half of the cities in the County through another JPA. These are just a few of the ways we work together to ensure that government services are responsive, efficient and effective in San Mateo County.

You should all take great pride in how well we collaborate. I can tell you—from the perspective of someone who has worked in other areas—we are the exception and not the rule! As a result, we are able to solve problems and get things done!

Having said that, what things get in the way of our agencies becoming even more effective at meeting the needs of our citizens? What are the “Sacred Cows” that are simply too controversial or too difficult to take on?

1. Financing Government. Any discussion of “Sacred Cows” must out of necessity begin with the subject of government financing in California. It's irreparably broken and needs to be fixed. This year's state budget fiasco has given new urgency for the need to reform how we finance government. We can't wait any longer. The stakes have never been higher. The consequences of failure have never been greater.

But you can't talk about reform in government financing without discussing the “third rail” of California politics—Proposition 13. The unintended consequences of this law took years to be fully understood—the burden of taxes shifted from businesses to residents and from long-term residents to newcomers, concentration of financial responsibility in Sacramento and the gradual erosion of local government's ability to provide basic services.

When Proposition 13 failed to control government spending a frustrated electorate turned to term-limits to bring in a new group of legislators who would be more responsive to the voters. When that didn't work still more propositions were passed to earmark spending for specific programs. In the end we are left with a system of financing government that promises too much, delivers to little, and for which there is no accountability.

I doubt if there is anyone in the room this evening that has actually set a real property tax rate based

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on the needs of the community. When I became a city manager in 1975 that's exactly what city councils did. The budget process was one in which the council balanced the need for services against the burden of property taxes. It wasn't easy. It was often controversial. It was always difficult. But in the end there was clear accountability for what local governments did.

As much as we grumble about Proposition 13 I doubt that there are very many who really want to go back to the days of city councils setting property tax rates. It is easier to blame our problems on Sacramento and Washington. It's what we've been doing for years. It's the devil we know.

There have been no fewer than six major efforts over the last decade and a half to reform the system. None have been successful because special interests have blocked them.

So what's different now?

Well for one thing our ability to provide basic services at both the state and local level is in jeopardy. People's frustration with all governments has never been higher.

These are some of the things I think we need to do:

- First, we need to redesign the tax system so that it reflects a service economy rather than an industrial economy. When we were an agrarian society land and improvements were the basis of wealth so we taxed property. In the Industrial Age it was the goods produced by businesses that drove the economy so we taxed products. Today, the service sector makes up a growing part of the economy. But many of these services are not taxed. We need to change that.
- Next, we need clear definitions of what services local governments are responsible for and what services are the responsibility of the state. With the exception of education, which under our state constitution is a shared responsibility between the state and local school districts, local governments must be given the authority to raise sufficient revenue to provide the services for which they are responsible.

- Next, for those services that are the shared responsibility of state and local governments we need to develop legally binding agreements or compacts that specify the nature of the services provided by local governments, how we are to be paid, and giving us the ability to opt out with sufficient notice. Hopefully this will go a long way to ending the practice of the state shifting its financial responsibilities to local governments.
- Finally, laws which create mandates for local governments, should be performance-based. In other words, new laws should specify the goals and objectives they want to achieve rather than being prescriptive. Let local governments determine how best to achieve these goals and meet benchmarks. Rather than a small army of state regulators always looking over our shoulders, a carrot and stick approach could be used to gain compliance by financially rewarding those agencies that exceed benchmarks and penalizing those that do not. I would imagine the potential savings in state regulatory costs alone would more than pay for such a program while achieving greater compliance.

The essence of these recommendations is that clear roles and responsibilities for all governments need to be defined and that local governments have revenue-raising authority that is commensurate with service responsibility.

2. Controlling Salary and Benefit Costs. If we are honest with ourselves we have to admit not all wounds in local government are inflicted by the state, some of our wounds are self-inflicted! What I am referring to is the process by which we negotiate salaries and benefits with our workers.

Let me be clear about this—I have great respect for the men and women who work for local governments. I value their work and contributions. I believe their wages should be fair and competitive in the marketplace. I believe that the unions who represent our employees play an important role in our organizations as well as communities.

But when the costs of salaries and benefits grow at a faster rate than revenues we have a problem! When the typical salaries and benefits we pay government workers is more than is paid to

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private sector workers with similar skills we have a problem! When the typical taxpayer doesn't have as good retirement and health care benefits as our workers we have a problem!

It is difficult for us to argue that we need additional revenue to maintain services when the costs of salaries, pensions and benefits grow faster than inflation.

These are just a few of the various types of pay most of us routinely negotiate with our employees—cost-of-living increases, equity adjustments, merit pay, longevity pay, special certification pay, bi-lingual pay, on-call pay, call-back pay, and shift differential pay. Add to this the substantial and costly improvements in pension benefits that most of us have approved in recent years and the growing cost of retiree health care and you can begin to see the hole we have dug for ourselves.

So we are left with few options--raise taxes or cut services. If we are unable to reverse this trend what happened in Vallejo could happen here as well.

How did we get to this point?

For far too long we have played "Follow the Leader" in setting salaries and benefits. We have convinced ourselves that we cannot get off this escalator because we won't be able to attract and retain qualified employees.

My friends that's just plain "hogwash!" We have substituted salary comparisons with other agencies for common sense and in the process abdicated our authority to set local salaries to those agencies with which we compare.

How do we change this paradigm and pay our employees a fair wage without breaking the bank?

In the private sector wage increases are related to the success of the business and the relative contributions of its workers. In our negotiations we need to insist that real productivity improvements be made in exchange for any salary increases; that the costs for any benefit improvements need to be borne by employees; and that exploding health care costs be brought under control.

Impasses at the bargaining table that jeopardize the financial condition of an agency should be resolved – not by an outside arbitrator – but by

the voters. The last, best and final offer of the union should be placed on the ballot with a corresponding tax increase and the voters can vote it up or down! Just the knowledge that this is a real option should have a salutatory affect on negotiations.

Finally, we need to reduce the influence of unions in local elections. In the private sector, unions don't get a say in who's on the Board of Directors nor does management get to pick union board members. But in the public sector many candidates solicit the support of employee unions, particularly police and fire unions. But that support comes at a price! At some point during labor negotiations I'm sure a union representative have lobbied most of you. Often saying "no" means risking the loss of their support at the next election.

We need campaign finance reform that is based on the common sense notion that those who have business before government should not be able to influence the selection of those who will make the decisions affecting that business.

3. Emergency Medical and Fire Services.

Collectively we're spending at least \$15 million more on fire protection every year than is needed because we have too many fire stations.

A few years ago we changed how we deliver fire and emergency medical services in the County. Believing that we could improve emergency medical services by better coordinating the responses of fire units and emergency ambulances we created a new public-private model. This model has improved response times for both medical and fire calls by dispatching the closest emergency responders regardless of jurisdiction. In essence we have one countywide fire and emergency medical department with 14 chiefs.

This model recognizes that fire departments spend most of their time responding to emergency medical calls. It means that fire departments have really become emergency medical and rescue departments. And that has profound implications for how fire departments should be organized and staffed in the future.

In the private sector when the nature of your business fundamentally changes you either adapt to those changes or go out of business. Local governments too must adapt to changing circumstances to remain viable and effective.

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This leaves us with difficult decisions ahead - which fire stations to close and how to share the savings? Are 24-hour shifts the best way to respond to emergency medical calls, what other community health activities should be undertaken at the stations? These are just some of the issues that will need to be explored.

4. Criminal Justice. I want to take a few minutes and talk about one of the most basic responsibilities of government - Public Safety. Crime is one of the most intractable problems with which we deal. We will never eliminate crime, but we do need to adopt policies that are more effective at protecting the public. Let's be honest our criminal justice system costs too much, incarcerates too many and doesn't protect us from those who pose a real danger to society. Our state prison system holds almost 200,000 inmates about double its design capacity. The County jail system holds an average of 1,300 inmates a day, about 50 percent over our rated capacity.

But our response to jail and prison overcrowding is always the same—we build new jails and prisons. In fact, the Board of Supervisors is now studying the need for yet another jail. The estimated cost to build a 650-bed jail in today's dollars is \$150 million, plus millions more each year to operate it.

Most people believe that to fight crime we have to hire more police; prison guards, probation officers, and judges. But we never stop and ask ourselves this critical question, "If the answer to crime is always spending more on law enforcement, why is it that never solves the problem? How many of you would vote to keep filling potholes on the same street if as soon as you filled one, another one appeared? At some point, wouldn't you ask, "shouldn't the result of filling potholes be fewer potholes?" Or perhaps you'd ask, "shouldn't we be rethinking the process by which we repair our streets to get a better result?"

Then why don't we ask these same questions as they relate to our criminal justice system? You know Einstein's definition of insanity—"doing the same thing over and over, and expecting a different result."

In my judgment, we're never going to build our way out of this problem. It's not enough to be tough on crime; we have to also be smart on crime!

Most of those in our jails are incarcerated for drug possession and have never been charged with a violent crime. More than half have some form of mental illness. Dr. Scott Morrow, the County's Chief Health Officer, calls this "the criminalization of biology."

We can do better than this!

The best way to reduce crime is not to hire more police officers and build more jails, but to invest in programs that prevent people from getting into trouble in the first place, or if they do get into trouble to make sure they get the help they need so they don't keep recycling through the system. If you want to make the community safer my advise to you is, hire more teachers, fund more afterschool programs and homework centers, invest in more and better alcohol and drug rehabilitation and mental health programs, and create more jobs with livable wages!

Our resources are limited. We have to start thinking strategically about how we spend money. We have to resist expedient, short-term, quick fixes, in favor of genuine, long-term solutions.

5. Building Livable Communities. In Greenland a piece of ice the size of Manhattan falls into the Atlantic Ocean.

In California, the fire season starts earlier, lasts longer and is more destructive.

In the Bay Area, the sea level at the Golden Gate Bridge rose seven inches in the last century. Projections are that it will rise one meter by the end of this century inundating many of the low-lying areas of the County.

I know there are still some who debate the cause of global warming—whether greenhouse gases are to blame or this is a naturally occurring phenomenon. The preponderance of scientific evidence strongly suggests that man's activities—specifically the use of fossil fuels has contributed to global warming.

While there still may be a few doubters—remember the Catholic Church was burning people as heretics for believing the world was round long after Christopher Columbus returned from his voyage to the New World—we don't have the luxury of pretending our world is flat!

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The reality of climate change and its impact on San Mateo County must be addressed if we are to continue to enjoy economic prosperity and retain our quality of life on the Peninsula.

Before you say, “Oh this is a worldwide problem, what can my small community do to make a difference,” I would remind you of Helen Keller’s famous quote,

“I am only one, but still I am one. I cannot do everything, but I can do something; and because I cannot do everything, I refuse to do nothing.”

Building livable and sustainable communities is perhaps the greatest challenge you face as policy-makers.

But where do we begin?

It begins with the understanding that planning and building ordinances have a huge impact on the health and welfare of our residents.

Our challenge is to design communities that promote physical activity, good access to public transportation, and neighborhood cohesion, with buildings that reduce energy consumption and neighborhoods in which fresh fruits and vegetables are grown.

I’m reminded of the first home I bought many years ago—to give you an idea of how long ago that was, I paid considerably more for my last car than I did for my first house. When my grandmother came to visit I took great pride in showing her the patio and backyard that I had worked so hard to build, but she deflated my bubble when she asked, “Why didn’t you build a front porch?”

You see in her day front porches were a way for people to meet and get to know their neighbors. Over the years the places where people once met have disappeared—the general store, the general delivery post office, the town square and the community hall for dances and other public events.

Thinking back to my grandmother’s question of so long ago I now realize the terrible price our society has paid for the insular and impersonal design of our homes and communities.

We live in one community and we work in another. We travel miles to shop at different stores and different centers. For exercise we get in our cars and drive to the nearest gym or hiking trail. Vast distances separate too many families. Our lives are spent in many places, so we live nowhere.

We don’t have barn raisings anymore, not only because there are so few barns to be built, but because we don’t know our neighbors. We don’t believe that our wellbeing is linked to theirs. We see ourselves as separate and apart from our communities and not as a link in the chain that spans the generations.

Native Americans have a wonderful saying, “We don’t inherit the land from our ancestors we borrow it from our children.”

We need to create communities that are livable and sustainable--communities that will use less energy and water, that give our grown children the opportunity to live and work in the same place they were raised, that have clean air and water, where people earn a livable wage and have a shared sense of place and purpose.

We must do all of these things and more if we want to be good stewards of this place that we borrow from our children!

As I take my leave from you this evening I want to thank you for your service to the community. Yours is not an easy job. In fact, at times it is a thankless job. Most of you don’t aspire to another office. You simply want to make your communities a better place.

If there is one final piece of advice that I would leave you with it is this—“Lead with your heart as well as head.” It will give you the courage to do what is right when a thousand voices tell you you’re wrong; it will create hope when all seems lost; it will cause you to reach for the stars and though you may fail to reach for them again and again.

As Johann Goethe, an eighteenth century, German poet and philosopher wrote,

“Dream no small dreams for they have no power to move the hearts of men.”

May your dreams always be worthy of the people you serve and the offices you hold.

I bid you a fond farewell.



JOHN L. MALTBIE

John L. Maltbie has spent nearly all of his adult life in public service. Since 1989, San Mateo County has benefited from his expertise and experience as he has carried out the vision and goals of the Board of Supervisors.

While serving San Mateo County, John has implemented fiscal programs such as performance-based budgeting, strategic planning, comprehensive financial evaluation, and capital planning and budgeting.

Under John's leadership, San Mateo County was the first county in the state to develop school-based children and family services, a MediCal managed care system for medical and mental health patients, and a work-first model for welfare reform.

John is a strong proponent of building collaborative relationships with other local governments and community organizations. This results in improved planning and enhanced services when efforts are combined. He has always believed the best programs are those that provide support to children, families and individuals and help them before any problems become a crisis.

John has been instrumental in San Mateo County's planning and completion of numerous significant projects, including the Youth Services Center, the rebuild of the San Mateo Medical Center, a new administrative office building, a parking garage and other needed public improvements.

Throughout his tenure John has skillfully steered San Mateo County through difficult economic times. Despite the economic turmoil of 2008, San Mateo County recently received the highest credit rating possible from Standard & Poor's, for instance.

The County's 2008-09 \$1.7 billion budget helps provide social services, health care, law enforcement, environmental protection and a host of other public services. The County employs about 5,500 people who are passionate about public service.

John has long said his inspiration was President John F. Kennedy, who believed those in government can create positive change.

He received bachelor's and master's degrees in political science at San Jose State University, both with concentrations in public management, and then worked as an intern for Santa Clara County. He also served two years in Vietnam as a first lieutenant in the Army.

Prior to his selection as San Mateo County Manager, John distinguished himself as the assistant city manager of Milpitas and then served as city manager of Milpitas and Glendale, Ariz. He returned to California as assistant county executive in Santa Clara County and, in 1989, became San Mateo County Manager.

John has also served as a member of the Speakers Commission on State/Local Government Finance, the Joint Venture Silicon Valley Vision 2010 Team, and ICMA (International Cities/Counties Management Association) Performance Measurement Task Force. He is a recognized expert on the relationship between the state and local governments.

In hopes to prepare our future generation with knowledge and skills needed in public service, John has taught at several colleges and universities in the areas of public policy analysis, financial management and advanced budgeting.