



COUNTY OF KERN
4th DISTRICT SUPERVISOR
RAYMOND A. WATSON

State of the County Address
Supervisor Ray Watson, Chairman
Kern County Board of Supervisors
January 20, 2010

Good evening, and welcome! Each year, our Board and County management come before you to report on the past year and to focus on the year ahead. Thanks for being here. We know you share in the challenges and aspirations of our county. Many of you are elected and appointed officials of cities and other public agencies. Others help Kern County government administer services through grants and contracts. We appreciate our partnerships with you as we all strive to serve the people of Kern County.

But I would like to give special recognition to those of you who serve without a paycheck in non profit community organizations, those who serve on County boards and commissions, and those who volunteer their time to serve Friends of the Library, Kern Medical Center Auxiliary, Sheriff Search and Rescue and Reserve Units, Probation Auxiliary, Court Appointed Special Advocates, the animal shelter, the elections workers, senior support groups and many others. You and hundreds like you are the people who make true, unselfish sacrifices for your community. If you are a volunteer or member of a non-profit organization, please stand so we can thank you.

2009 challenges

So let's talk about the journey we took together last year and where we plan to go this year. It should come as no surprise that 2009 was a year of challenges, since state and local governments throughout the nation suffered declining revenues and mounting deficits as the result of the economic recession, and in many cases a lack of fiscal control. While we'll be talking about County government tonight, I first must recognize the personal stresses suffered by thousands of people in Kern County who have lost their jobs, lost their homes, and seen their retirement savings dwindle.

Despite tremendous pressure placed on the County's resources by the economy and by Sacramento's budget problems, we delivered an on-time, balanced budget that meets our core responsibilities of protecting people's health and safety. But a balanced budget did not come without sacrifices and a noticeable impact on many County services.

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Here in Kern County we entered the 2009-10 fiscal year with 659 fewer employees as the result of a loss of \$43 million in property tax and sales tax revenues, and State Budget cuts for County programs. Most of the 659 staff reductions were accomplished by attrition and not filling authorized positions, holding layoffs to 131. And these cuts occurred right after we had just filled a \$64 million hole near the close of FY 2008-09. The good news is that our Board and department heads have anticipated the budget crisis for more than two years and have cut costs and balanced budgets by advanced planning to avoid massive layoffs. Our Board is proud of that effort.

Obviously, we haven't been able to take reductions in budgets and staff resources of this magnitude without impacts to services for the citizens of Kern County. However, I can assure you that every department of the County has worked diligently to minimize those impacts.

For the first time in many years, we cut the General Fund contribution to the fire department, forcing staffing reductions at less active fire stations, and delays in replacing engines and other critical firefighting equipment. To minimize the impact on public safety, the fire department employs a sophisticated resource management system to deploy adjoining station resources immediately when the need arises in any area of the county.

A 41 percent cutback in Library hours is one budget casualty that is personally troubling to our Board, because we know libraries are centers of learning and literacy for people of all ages and, for many people a lifeline to the internet, their window to the world. So we must restore this vital community resource at the earliest opportunity.

When you visit a County park, you'll also notice the effects of budget cuts. We had to close five community and recreation buildings in Twin Oaks, Boron, Rosamond, Mojave, and Arvin. And the parks won't be as green, resulting from drastic cutbacks in watering, and turf and tree maintenance. Fortunately, we were able to save our senior nutrition and veterans programs. Again, we know that County park facilities are important community assets, and we need to restore them to a proud condition when budgets permit.

Every department has made sacrifices, but I want to mention just one more to illustrate the impact that State budget actions and the continued decline in revenues has had on people served by the Department of Human Services. DHS administers 17 mandated public assistance and child welfare service programs, and this year's budget cuts left the Department with 250 fewer employees -- when economic hardship added to caseloads in CalWORKs, Food Stamps, and Child Welfare Services. In the end, more people in need, reduced services and support, and longer waits.

Human Services and all County departments are doing a heroic job of optimizing services and trying to help people in need during this fiscal meltdown. But I'm sure you've noted the thousands of acts of generosity from individuals in our communities who have stepped up to provide food , clothing, shelter and financial help through organizations such as the Gleaners, the Food Bank, Homeless Centers, Rescue Missions, Salvation Army and many others. I suspect each of you in this room has given of your time, talent or treasure for the benefit of others. In good times and bad, it is people like you in this room and in our community who make Kern County a special place.

The recession has affected everyone, not just County budgets. For example, thousands of homes declined in value. Knowing that lowering the assessments on real estate would reduce tax revenues, the County Assessor nevertheless knew it was his responsibility to adjust values to their proper level so that individual property taxes would be lower. His department recalculated the value of more than 100,000 properties last year, resulting in a nearly 18% drop in tax revenues, but a welcome degree of relief to many taxpayers.

2009 accomplishments

Yes, it was a tough year. But that doesn't mean we were any less committed or didn't achieve results.

As you may recall, for the last couple of years we've had a focus on gang suppression and prevention. Working with local law enforcement agencies, the District Attorney's Office reports that in 2009, it sent more than 70 percent of targeted gang members to jail or prison, and when pending arrest warrants, trials, and sentences are included, the DA has either locked up or placed in the hands of our courts 91 percent of its gang targets. No, we haven't yet eliminated gangs, but they know we're coming for them.

The DA, Sheriff, Probation Department and Public Defender received some welcome aid to protect public safety, sharing more than \$800,000 in federal stimulus funds to help plug the law enforcement budget gap.

More good news! As you know, Kern Medical Center has been a threat to the fiscal stability of the County for years. I am pleased to report that, after having lost \$66 million over the past nine years, KMC closed FY 2008-09 more than \$9 million in the black. Better billing and collection efforts, purchasing and cost controls, and striving to meet industry standards for productivity helped achieve this turnaround. Another important contributor to KMC's success was the hiring of 46 new staff nurses to replace contract nurses that come at a much higher price. The nurse training programs that our Board agreed to support at CSUB and Bakersfield College, and the scholarships we awarded have accomplished exactly what we had hoped.

Although we have had few resources to spare for capital projects in recent years, thanks to state and federal matching funds, the County was finally able to break ground last November on the long-awaited new library in Frazier Park, and we cut the ribbon on a new Emergency Operations Center to direct the County's response to Homeland Security, natural disasters and other emergencies.

The County's 2009 allocation of federal community development block grants financed public works projects in several unincorporated communities and cities throughout the County. The projects include streetscapes, sewers, park improvements, and housing rehab.

As we know, a community that cannot move cannot prosper. County roads received some much-needed help from more than \$11.5 million in federal transportation stimulus funds last year. This money will be spent throughout 2010 to reconstruct and overlay 36 miles of County roads from Garlock to Lost Hills.

We've also begun expanding the Seventh Standard Road corridor, teaming our own funds with the Thomas Roads Improvement Program, CalTrans and the cities of Bakersfield and Shafter. The Freeway 99 overpass is almost finished, traffic flow is already vastly improved, and we're pushing west along Seventh Standard with four lanes and a planned grade separation at Santa Fe Way.

Throughout 2009 we focused on efficiency and stretched our dollars by teaming the efforts of County departments and partnering with State and Federal agencies, cities and community groups to provide services.

Assessment districts enable communities, should they choose, to pay for enhanced services beyond the County's resources. We helped the community of Pine Mountain Club modify its assessment district to fund the additional cost of paramedic services from the Kern County Fire Department. The Paramedic program is already credited with saving one person who had suffered cardiac arrest.

PG&E has provided a generous grant to help Aging & Adult Services and our Parks and Recreation Department operate Cooling Centers at sites around Kern County for the past three summers. Cooling Centers offer more than comfort; they protect the health of our most vulnerable residents for whom extreme heat is a very real threat.

Human Services has developed a program using federal stimulus funds to boost our economy through a program that pays local employers 80% of the cost to hire new employees. This program helps CalWORKs parents find jobs and it helps employers.

Human Services also developed an agreement with PG&E and the Salvation Army using short term federal funds to help low income individuals pay their utility bills. This partnership allows up to \$1500 per household for those who are eligible.

The County's support of the Kern Economic Development Corporation brought about \$100 million of capital investment, \$50 million of annual wages and 1500 new jobs to help soften the impacts of the recession.

Finally, looking back on 2009, we dealt with the economic challenges and accomplished the more notable items I've mentioned in spite of a huge loss of experience in key management positions. During the year we faced the retirement of the County Administrative Officer, County Counsel, Fire Chief, Public Defender, Chief Probation Officer, the Resource Management Agency Director and the Solid Waste Management Director. I am pleased to say that the County has recruited and replaced each of these individuals with highly qualified and highly motivated individuals.

And while we're talking about the leadership of our County, I would like to recognize the department heads and other management employees who are present this evening. I can tell you from experience in my own district that these people put in many long days and often evenings and weekends as they work to balance budgets, conduct public meetings, attend community events, and deal with the many emergencies that are part of their everyday responsibilities throughout our 8000+ square mile county. As managers they put in the overtime without overtime pay. They do it because they have pride in their work and are truly committed to their responsibilities. Our thanks to each of you.

2010 looking ahead

Now, let's take a few moments to look ahead.

The Governor has already acknowledged a \$6.6 billion State budget deficit for the remainder of this fiscal year, and a \$13.3 billion deficit for FY 2010-11. We have yet to determine what impact the State budget will have on reimbursements for state mandated services, what costs may shift from state to local governments, and what revenue sources might shift from local governments to the State by sleight of hand maneuvers in Sacramento. Just yesterday, as a precautionary measure, our Board again implemented restricted hiring and procurement, and requested departments to begin budget preparations with step-downs of up to 20% of general fund contributions. We don't expect to cut 20% across the board, but that process will help determine priorities.

Regardless of State budget outcomes, I can assure you that we will proceed to improve efficiency, measure outcomes, maintain essential services to the maximum potential given available resources, and complete projects for which funding has been identified.

We are continuing to explore potential ways to reorganize departments and functions, not just to reduce costs, but also to improve results.

Here's an outcome we want to improve through collaboration, teamwork and partnerships. Last year the Mental Health Department commissioned a research study that revealed the devastating impact of methamphetamine on our communities. Meth accounts for nearly 40% of all felony defendants, nearly 30% of juvenile probation cases, more than a quarter of Human Service cases, 37% of ER visits and even a third of all Fire responses. Meth consumes a huge portion of County resources. And how many private sector employers are impacted with higher health care premiums, absenteeism, lower productivity, liability from accident prone employees, and employee theft to support a habit? The sight of a meth addict paints a graphic picture of the devastation to individuals and families. Our Board has authorized creation of a multi jurisdiction meth task force and we conducted our first organizational meeting last Friday. It will take a huge effort from many public agencies and the private sector to reverse this insidious cancer in our communities. The State has cut funding for its meth initiative. But we must act. There is no choice. These are our families and this is our community.

Our community will also benefit from the electronic medical records system that we will be installing at KMC. It will enable doctors, nursing staff, and hospital managers to use automated, real-time information to improve health care delivery and achieve substantial savings. When this initiative is complete, KMC will be a leader in one of the most critical advances that the entire health care industry must make to bring costs down and the quality of health care up. KMC will adapt a system that has been proven in dozens of hospitals, and will do it at a fraction of the cost of developing its own.

And in 2010, with capital funds previously appropriated, we will build new fire stations in Pine Mountain Club and Northwest Bakersfield as well as begin work on a new Information Technology Services facility, all of which are critical. The County will begin using a \$4 million federal energy stimulus grant for solar panels that will reduce heating and cooling costs at County facilities.

Kern is also part of a pilot program involving 15 counties that will offer low-interest loans to home and business owners for windows, insulation, heating, air conditioning, and solar panels that property owners can repay through their annual property taxes.

Our Planning Department is working with the Kern Council of Governments, the City of Bakersfield, and members of the community to complete the 2010 Metropolitan Bakersfield General Plan update. AB 32 and SB 375 require us to provide a clear blueprint to limit sprawl and reduce emissions. Rather than simply mandating compliance, the County is seeking to streamline environmental reviews for in-fill development and provide other incentives to encourage growth without sprawl.

Our Board knows that we cannot simply wait for economic recovery. We must streamline application processes for quality development and encourage new, clean technologies.

Aside from being the top oil and gas producer in the state and leading all but three states in the nation, Kern County also happens to be an ideal location for renewable energy. Last year, our Board approved 1,165 megawatts of new wind turbines, and another 2,000 megawatts are in the early planning stages. Solar projects generating 1,200 megawatts are scheduled for environmental review and permitting in both the Valley and Desert portions of the County. New energy projects approved in 2009 alone will yield nearly 4,200 construction jobs and 300 permanent jobs over the next five years.

The California Energy Commission is currently reviewing the application for an entirely new source of clean energy in Kern County. A \$2 billion, 250 MW hydrogen energy electrical generating plant is proposed just north of Elk Hills. The project would reduce greenhouse gas emissions by 2 million tons a year.

When all projects are completed, Kern County will be providing green energy to supply almost 3.5 million homes.

But we cannot turn our backs on the petroleum industry that has fueled California and America for more than a century. The industry is under attack from a revenue-thirsty Legislature seeking to impose a 12 ½ % tax on crude oil and natural gas produced in California. Our Board and our assembly member Jean Fuller are fighting this tax in Sacramento. If passed, Kern County could lose another 7,000 direct and related jobs amounting to about a quarter billion of annual payroll, wreaking further havoc on our families and our County. We defeated an earlier attempt on an oil severance tax, but unfortunately this one is dangerously close to passing. I urge all of you to make your opposition heard by the legislature and the Governor.

Kern maintains its leadership in aerospace as we prepare to celebrate the 100th anniversary of flight in Kern County. Our two bases at China Lake and Edwards continue their major roles in our national defense, and private space flight advances in Mojave will soon yield the ultimate E-ticket ride to a long waiting list of passengers who want to leave this planet for a short period of time.

High-speed rail holds great promise to link Kern County more closely to the urban economic centers of California. The County is part of a community-wide effort to compete for location of a high-speed train maintenance yard in Kern County that would service the entire fleet and bring as many as 1,500 high-wage jobs here.

A huge key to our economic future, both for agriculture and urban use, is water. We must work within our region and with others in California to make long overdue investments in reservoirs, water banks, conveyance, and conservation so that this precious resource is available both now and in the future. I call on everyone here to support the critical water bond measure that will finance the first steps in many decades to rebuild California's water system.

AB 1594 has just been introduced that would take the decision to build a peripheral canal out of the hands of the Governor and put it into the hands of the legislature where the canal would almost surely be defeated. This bill must be defeated.

Finally, I thank my fellow members of the Board. They do much for their individual districts, but they also do much for the common good of all of Kern County:

- Supervisor McQuiston for your leadership as Chairman of our Board during a challenging but productive 2009, and for your continued leadership on the Southwestern Defense Alliance;
- Supervisor Rubio for your persistence and leadership of the gang prevention task force that is putting gangs on the run;
- Supervisor Maben for years of patience in working with the Animal Control Commission and the public to achieve a more comprehensive animal control ordinance, and for co-chairing with me the Meth Task force;
- and Supervisor Maggard for co-chairing the departmental reorganization task force that is seeking to make us more efficient and effective.
- And thanks to each of our staffs for what you do to support our work and our constituents

In many respects, we don't know what the future holds for our nation and our state, but we do know that much of the heritage of Kern County rose out of the Great Depression and the Dust Bowl. At our core we are survivors, hard workers, innovators, entrepreneurs, competitors, and compassionate. Our Board is committed to making the best of the resources available to us. We will not just survive. Our goal is superior performance and achievement. We are grateful for our partnerships with those of you in this room and in our communities. We hope you will continue to join with us in making Kern County one of the great and most productive areas in California and the nation. Thank you for all you do, and for joining us tonight. Good evening.