



Idea Exchange

NACo Legislative Conference

Washington, D.C.

Sunday, February 21, 2016

3:30 to 5:00 p.m.

Marriott Wardman Park Hotel – Washington 1 Room

Topics:

1) How to put a fresh coat of paint on the budget process

- a. Establish a regular calendar
- b. Make the process more transparent
- c. Supervisors need to ask tough budget questions
 - i. Some presentations focus on programs instead of the budget
- d. County A
 - i. There are too many differing opinions between board members on how to proceed with the budget process
 1. Consider doing modeling – 5 year projections without property tax growth
- e. County B
 - i. They have a revenue workshop with a 5 year projection
 1. One-on-one discussions on how funds are laid out
 2. Develop business plans for all new initiatives followed by an up-or-down vote
- f. County C
 - i. Budget is proposed in February and adopted in April
 - ii. Budget planning takes place in July
 1. Revenue and expense projections are generated for up to 2 years
 - iii. 5 year projections are not possible due to rapid growth
- g. County D
 - i. Budget staff and administrators attend public hearings with the Supervisor in each district
- h. The Government Finance Officers Association is a great source for the best budget processes and practices

2) Performance measurement and management

- a. Insights is committed to adding county-centric measures to their existing 900 measures
 - i. 50 measures are to be added over the next two years
 - ii. 20 larger counties are in pilot group to develop these measures
 - iii. Three focuses include:
 - 1. Criminal justice, detention, and probation
 - 2. Election costs
 - 3. Health and human services
 - iv. One county is developing its own system
- b. Ten large counties compile data jointly

3) Cybersecurity issues and ensuring national security controls

- a. County E is a terminus for 70% of the world's internet traffic
 - i. This is a great opportunity for employment and generating revenue
- b. Local governments have been identified as vulnerable to cyberattacks
 - i. Ransomware
 - 1. A hacker invades a network and encrypts all the data (no access)
 - 2. The hacker then demands a ransom for the encryption key
 - 3. Two days of operations could be lost due to these attacks
 - 4. The three penetration sources are:
 - a. Thumb drives
 - b. Access to personal email through the government network
 - i. Opening executable files on personal email can allow an infection to enter the system
 - c. Through the government website
 - i. County E had 10,000 attacks per day through their website before outsourcing to a host
 - ii. County E recommends the following prevention methods:
 - 1. Do not allow access to personal email from within the government system
 - 2. Do not respond to hackers' threats
 - 3. Perform daily backups to prevent disruption to services
 - a. "Cold," or off-network backup
 - 4. Outsource website maintenance to a host
 - a. County E reduced attacks from 10,000 per day to 26,000 per year
- c. County F was recently hacked
 - i. Employee SSN information was stolen
 - ii. Restructured its entire IT department
 - 1. This included bringing in a security officer
 - iii. CAO of County F recommends changing passwords regularly (every 30-90 days)
 - 1. Simple security measures can make a major difference in system vulnerability
- d. ICMA-RC has sensitive data to protect

- i. They maintain an annual strategic investment to keep their system secure
 - 1. They have 35 information security policies
 - 2. They maintain a strong internal audit presence
 - 3. Employee education is key to having a secure system
 - ii. They recommend the following regarding third party vendors:
 - 1. Know what they are doing
 - a. What are their policies and procedures?
 - i. Stipulate that they have a security policy in place
 - ii. Individually vet every third party vendor
- e. The Department of Homeland Security offers free resources
 - i. They have willing staff available for the following purposes:
 - 1. Assist with policy and procedure development
 - 2. Advise local governments on how to properly secure their systems

4) Managing the legalization of marijuana

- a. Colorado statutorily allows marijuana sales and consumption but municipalities and counties decide for themselves whether or not to allow the market within their jurisdictions
 - i. County G has a lottery system for establishing retail sites
 - ii. Finding commercial space is challenging
 - 1. Neighboring businesses do not want marijuana retailers
 - 2. Air handling systems are required
- b. Revenue generation is questionable
 - i. County G receives \$1.5 million to \$2 million annually in a budget of \$0.5 billion
 - ii. The market could be susceptible to decline in the future
 - 1. It could be a fad
 - iii. County G denied the annual High Times Cannabis Cup a special use permit
 - 1. This was due to safety concerns raised by local law enforcement officials
 - 2. The event drew 35,000 people in the previous year
- c. County H has experienced the following issues:
 - i. Municipalities can pass resolutions that conflict with the county
 - ii. Foreign nationals start clandestine grow operations that take electricity off the meter
 - iii. Neighborhoods have complained about odor and other issues
 - iv. There has been an increase in the homeless population
 - v. People are moving to the county due solely to legalization
 - vi. Revenue projections from the 24% sales tax are not realizing
- d. Indoor v. outdoor consumption
 - i. There is a value to only allowing indoor consumption
 - ii. CO commercial facilities do not allow consumption but public clubs are emerging
- e. Indoor v. outdoor growth
 - i. Warehouse space is being taken at higher rents for indoor growth