

Summit 2020

Session Notes



Summit 2020 Overview

The Wasco County Leadership Summit was held in January 2020 at the Washington Family Ranch. Attendees included Wasco County elected officials, the County Administrator and senior management.

The purpose of this year's Summit was to do a deep dive into the concepts of *Dare to Lead*, a book written by Brené Brown, research professor at the University of Houston and a national bestseller author. The book is based on asking the following question: *How do you cultivate braver, more daring leaders, and how do you embed the value of courage in your culture?*

Over the course of three days, the team learned about trust, shame and empathy and how they impact our interactions; discussed the skills needed to have tough conversations; and reviewed what it looks like to be clear about expectations and boundaries – especially in regard to budget and our budget process.

The group is committed to continuing learning on this topic and putting the skills into action in our daily work. Quarterly sessions are already planned to ensure we become daring leaders in County management.

DAY ONE

Introduction of Amy Leneker, Dare to Lead Facilitator

2 ASKS

- Take care of yourself
- Take care of each other

LEARNING OBJECTIVES

1. The information I learned will change how I show up at work
2. I better understand why vulnerability (uncertainty, risk and emotional exposure) is the foundational skill set of courage
3. I better understand the critical role that self-awareness plays in daring leadership
4. I better understand that it's armor – not fear – that is the greatest obstacle
5. I can identify the four skill sets that make up courage: rumbling with vulnerability, living into our values, BRAVING trust, and learning to rise.
6. I better understand that courage is a collection of four skill sets that are measurable, observable and teachable.
7. I recognize that vulnerability is the birthplace of many of the behaviors that define daring leadership including the creativity, accountability, and difficult conversations.
8. I understand that daring leadership requires showing up for hard conversations and rumbles, including giving and receiving feedback.

FOUR SKILL SETS

1. Rumbling with Vulnerability
2. Living into our Values
3. Braving trust
4. Learning to Rise

UNOFFICIAL OBJECTIVES

1. Time and space for self-reflection
2. Time and space for team reflection
3. Have fun!
4. Connection

What is the number one thing that keeps us from being brave? It's armor – self-protection.

SECTION 1: INTEGRATION AND WHOLEHEARTEDNESS

- Are we congruent with what we're thinking, doing and feeling? To be whole-hearted, we need to have all three of these in sync. People around you know if you're not.
- If who we are is how we lead, who are we?
- "The cave you fear to enter holds the treasure you seek." – Joseph Campbell. What is the cave that you fear to enter.
- Courage comes from the word "Core" which means heart. Vulnerability comes from Vulunus which means hurt. Vulnerability means uncertainty, risk and emotional exposure. What gets us into trouble is when we avoid vulnerability. You can't get to courage without rumbling with vulnerability.

SKILL SET #1: RUMBLING WITH VULNERABILITY

The Six Myths

1. Vulnerability is weakness
2. I don't do vulnerability
3. I can go it alone
4. You can engineer the uncertainty and discomfort out of vulnerability
5. Trust comes before vulnerability
6. Vulnerability is disclosure

What did people learn from the interviews with a partner on it? That we all have a certain amount of discomfort and we're not alone.

- Trust in ourselves.
- Trust in the organization
- Trust in our team

What is trust?

- Reliability – people do what they say they're going to do
- Safety – physically, emotionally and psychological
- Honest – you can't have trust without feeling people are honest.
- Two components are your character and your competence. Both have to be on display at work.

What is a team?

- Cohesion
- Shared trust
- Shared vision
- More than one

- Sense of belonging
- *Teams* are highly interdependent – they plan work, solve problems, make decisions and review progress toward a shared goal
- *Work groups* are characterized by the least amount of interdependence. They are based on organizational hierarchy. They meet periodically to hear and share information. They do not need one another to get work done. Focused on individual success, not team success.
- Tyler asked how we successfully take our “work groups” and create a “team” from it. Amy pointed out that we’re not really working in isolation – we are interrelated and rely on each other more than we might realize.
- Both approaches are valuable and can work together if the expectations are set correctly.
- Benefits of a team vs a workgroup? Increases awareness, creates efficiencies, make us a better county to work for and be served by.

Five Behaviors of a Cohesive Team (illustrated as a pyramid):

1. Trust one another – at the bottom because it’s the foundation of getting things done and achieving the next level on the pyramid
2. Engage in conflict around ideas – voice opinions even at the risk of causing disagreement. Confront and deal with the issue before moving on to another. Come to the table to tell the truth.
3. Commit to decisions – be clear about direction and priorities, leave confident that everyone is committed to the course of action
4. Hold one another accountable
5. Focus on achieving collective results

The Arena

- If work were an arena, here’s what the seats would be:
 - The Season Ticket Holder (shame, scarcity, comparison),
 - Cheap Seats - all the people making judgement and criticism),
 - Box Seats (the people who built the arena and look for people just like them).
 - Support Section - The most important seats in the arena are empathy and self-compassion.
- Daring Leaders are never quiet about hard conversations/things.

Shame 101

1. We all have it
2. No one wants to talk about it
3. The more we have it, the less we want to talk about it
4. Shame is the feeling that we are unworthy of connection
5. Four emotions of it
 - a. Shame (a focus on self)
 - b. Guilt (a focus on behavior. I am bad vs I did something bad.)
 - c. Humiliation
 - d. Embarrassment
6. Shame is highly personalized and shows up differently for everyone.

Shame Shields

- When we're in shame we do one of three things: 1) Move away (withdraw), 2) Move towards it (but as a people pleaser), 3) Move against (we use shame to push back against shame). The third one is the hardest on a team because it impacts the whole team.
- Replace with Grounded Confidence – 1) Start with curiosity, 2) add Rumble Skills, and
- 3) Keep on practicing.

How Shame Shows up in Organizations

- The number one shame trigger at work is fear of irrelevance. Concern that what you bring is no longer needed.
- As leaders, we need to be sensitive to whether we're benefitting from someone else's shame.
- What are the shaming behaviors that show up at work: **back channeling**, blaming and finger pointing, bullying, some cover-up, discrimination, favoritism, **gossiping**, harassment, invisible army, **nostalgia**, perfectionism, power over (less of this), **self-worth tied to productivity**, teasing
- The ones that can be most detrimental from the team's perspective is back channeling, gossip, discrimination
- Gossip can be detrimental also from a productivity perspective.

Opposite of Shame

- Empathy is the number one way to combat all of the shaming behaviors
- The new definition is to be curious about what it's like to be in that person's shoes. Empathy is connecting to the emotions that underpin an experience.
- Our work environment has to include emotion. What we DO with it is what matters.

5 Attributes of Empathy

1. Perspective-taking
2. Stay out of judgement – you can't simultaneously judge and be in empathy. It happens in cases where we most likely feel vulnerable
3. Recognize emotions – how we feel impacts how we show up. We need to develop emotional awareness
4. Communicate emotion
5. Mindfulness– you can't be empathetic if you're not paying attention

Anger and/or Shutdown

- What happens under the surface is much bigger than what we see being exhibited
- What we're interpreting might not be right

The overall goal of empathy is connection. Connection is the energy between people when they feel seen, heard and valued; when they can give and receive without judgement; and when they derive sustenance and strength from the relationship. You have to invest in building and maintaining trust in relationships.

4 Steps to Building Connection

1. Practice
2. Screw it up
3. Circle back
4. Repeat

Empathy Misses

1. Sympathy vs Empathy (leave the pity out of it)
2. The Gasp and Awe – someone reacts so strongly that you have to manage their feelings
3. The Mighty Fall – you have such a high regard for someone that you don't honor their experience
4. The Block and Tackle – you feel so bad for your friend that you take on their emotion for them (you create a villain)
5. The Boots and Shovel – you keep digging yourself into a hole
6. If You Think That's Bad... - one-up-man-ship. Never use the phrase "at least" since that does not connect
7. Try to Fix It – rather than listening, you jump to a solution

Self-Compassion

1. Self kindness – how kind are you to yourself?
2. Common humanity – recognizing that your emotions are shared by others at some point
3. Mindfulness – paying attention, are you aware

Self compassion assessment is available for free at www.self-compassion.org. It helps you figure out where you might need work. You need to be able to have self-compassion if you want to be able to have compassion for others.

Stress is Contagious, but so is Courage

- Emotions are contagious. Cultivate the emotions we want to see

Skills to help us have tough conversations

1. Rumble starters – on page 39
 2. Crucial Conversations – a discussion between two or more people where stakes are high, opinions vary and emotions run strong
 3. Noticing that there is a real physiology of discomfort when having hard conversations. The goal is to learn tools to choose courage over comfort. Naming it at the beginning helps, but starting a conversation with "we need to talk" is never a good idea.
- Start with "rumble starters on page 39
 - Move into Rumble tools on page 41 to help you get through the messy middle. "What horizon are we talking about?"

- Rumble Tool #11 – Gritty facts and gritty faith. This is exemplified by a quote from Admiral Jim Stockdale: *“You must never confuse faith that you will prevail in the end – which you can never afford to lose – with the discipline to confront the most brutal facts of your current reality, whatever they might be.”*

Team members must take responsibility for both dreaming and reality-checking those dreams with facts.

DAY TWO

5 BEHAVIORS OF SUCCESSFUL TEAMS

Our ranking from the survey results, with 1 being strongest and 5 is the weakest

1. Results (3.63)
2. Trust (3.2)
3. Conflict (3.17)
4. Commitment (3.15)
5. Accountability (2.83)

The group had a discussion around whether we were surprised by the results. Accountability isn't well defined for our team. Our perception is colored by our personal experiences, so the definition is different for each of us. How do we get on the same page as a team?

HARD CONVERSATIONS

Definition: When emotions are high and opinions vary widely. What are some of the hard conversations we want to address:

- Budget –
 - Adding programs and services but not looking at wages
 - Zone funds, NORCOR
- Compensation/Benefits –
 - Vacation
 - Salary
 - Recruitment
 - Building needs (planning)
- Interpersonal –
 - When is it okay to engage if the conflict isn't yours?
 - How to have hard conversations
- Team Dynamics –
 - Perfectionistic approach – having all the answers
 - Decision-making
 - Lack of commitment
 - Fear
 - Lack of communication

- Roles and responsibilities, including commissioners.
- Applying rules and values at work

SKILL SET #2: LIVING INTO OUR VALUES

- You can't live into what you can't name and describe
- Each person picked two values that are most important to them

Conflict continuum – at the one end is simple conflict, and the other end is conflict over values

Personal values and how we can help support:

- John – Ethics and integrity. Wasn't sure how the team could help.
- Elijah – Integrity and reliability. Holds himself accountable, but others can assist
- Lisa – Connection and creativity.
- Brad – Happiness and integrity. Help him to help others
- Joe – Humor and patriotism. Laugh at his jokes. Don't put him in the shed.
- Fritz – Quality and mindfulness. Proper time and space to focus on work
- Lane – Integrity and responsibility. Understanding that his job is impacted by so many different things.
- Scott – Balance and fun. Laugh with him. Have more balance in our lives.
- Steve – Honesty and fairness. Doing what's right when no one is watching – that way we have an opportunity to succeed
- Brenda – Integrity and family. Doing what's right because it's the right thing to do
- Kathy S - Justice and generosity. If she thinks someone is being treated unfairly she won't stop until it's resolved.
- Tyler – Achievement and relationships. It gives him great stress and sleepless nights when we aren't
- Jill – Giving back and courage. You can see it on her face when she's out of balance and check in on whether she needs help.
- Nichole – Integrity and whole heartedness. Be open and honest with her so she can help us the best.
- Molly – Service and kindness. Molly needs time and space, and clarity (likes rules so she can do things appropriately)
- Angie – Service and integrity. A lot of what she does is to safeguard our county and landscape for the long haul. Support by encouraging the process rather than starting with the requested outcome.
- Arthur – can't settle on just two.
- Mike – Adaptability and competence. The sooner we come to him with the need for a change, the easier it will be to help make a course correction. When we bring him information, he assumes we're the expert in our field – he'd like to have people assume the same of him.
- Paul – Love and forgiveness. Be supportive when he makes mistakes.
- Matthew – Learning and balance. Patience with questions as he's learning, and balance that he has some hard boundaries with his family.
- Kathy C – Integrity and relationships. Don't worry about coming down and sitting at her desk so she has an opportunity to engage. She has a harder time getting out and visiting.

Organizational Values

1. Embody the 100% LOVE Culture
2. Relationships are primary
3. Do the right thing, even when no one is looking

Recognizing Defensiveness

- Goal is to understand how you may become defensive during hard conversations
- Stress can impact your ability to initiate hard conversations or be on the receiving end of conversation
- How can we use what we know about how the brain works to help us with hard conversations? There's a fundamental organizing principle of the brain – it sorts everything into two categories. Is it important or not? Is it a threat or not a threat? If the brain perceives something as a threat, it reacts in a specific way and it's the same whether its physical pain or social pain.
- If you are a leader, every action you take and every decision you make can trigger a threat response in those around you.

SCARF Model – 5 ways we trigger people

- Status – our relative importance compared to another. Job titles and parking spaces are two that happen at organizations.
- Certainty – to what degree can I expect the same thing to happen over and over? The brain looks for certainty.
- Autonomy – to what degree can I control what's happening to me? Budget can trigger this one because people are losing some amount of control.
- Relatedness – how safe do you feel with the people around you. Do you fundamentally believe they have your best interest at heart.
- Fairness – to what degree do I believe that the interactions around me are fair? This is one of the hardest triggers to come back from unless you have a hard conversation about it.

SKILL SET #3 BRAVING TRUST

- Sometimes speaking the truth feels like being unkind, but in reality dancing around the truth
- Trust is built in small moments:
 - Saying thank you
 - Nodding in agreement across a table
 - Participation
 - Circling back
 - Conversations on walkabout
 - Not a threat but a reward
- Betrayal is also born in small moments
- BRAVING is an acronym for the seven behaviors that build trust:
 - **B**oundaries
 - **R**eliability
 - **A**ccountability
 - **V**ault
 - **I**ntegrity

- Non-judgement
 - Generosity
- The marble jar is an analogy for putting small efforts in a jar that add up over time.
- Asking for help is the number one way for building trust at work. But it can be uncomfortable to ask for help because we're supposed to be "knowers"
- Of the four apocalypses of relationships, the number one is resentment – this is what typically underlies people leaving a job. It grows over time rather than lessening.

Here is how our team defined the seven behaviors and their associated actions as a Wasco County management team:

Boundaries:

- Set the boundary and communicate it
- Have balance – understanding so you know how to set boundaries
- Stay in your own lane
- If there is a question, ask – BEFORE acting
- Honor our Safety Net agreement
- Set physical boundaries too
- Trust

Reliability:

- Following through
- Do what you say you're going to do
- Time management/balance
- Trust
- Consistent
- Understanding your strengths and weaknesses
- Being available/showing up
- Consistent communication
- Transparency

Accountability:

- Own it - if I messed up/dropped the ball, admit it
- Acknowledge imperfection
- Follow through – earn the marbles in the marble jar
- Commit to being trustworthy, vulnerable
- Demonstrate your values and your organization's values
- Open commitment with no judgement, both up and down the organization
- Honesty and integrity
- What do you/we need? Clear communication about it
- Call out the problem
- Time frames – spell them out from start to finish

Vault:

- Listen, don't share
- Keep confidences
- Protect relationships
- Know how to shut down confidential info being shared

As a Team:

- It's not always clear that something is confidential if it's not labeled
- If called out as "Confidential," we keep it "Confidential"
- Sometimes we need to share info due to:
 - Asking for help/expertise
 - Gaining understanding
 - Obligation to protect – sometimes information shared in confidence cannot be kept in confidence legally. It can be hard to know/define in some cases
 - Sometimes we are too confidential – we're not sharing information with appropriate staff
 - Understand our own limitations on being the correct person
- Notify the person if you will be sharing

Integrity:

- Doing the right thing even when nobody is watching
- Honesty to self and others
- Being true to your values, but recognize that we may not have similar values
- Stand up and speak for what is right
- Take action to ensure integrity
- Doing hard things – "the hard truth with kindness"
- Not always taking the easy road, but sometimes is the right way
- Going against the current when necessary
- Calling out a wrong
- It's not always the "fan" favorite
- Unwavering strength

Non-judgement:

- Have conversations toward "win-win", not win-lose or lose-lose
- Questioning for understanding
- Curiosity
- Understand how people feel
- Allow for time for exploration and the process
- Honor the individual
- Present/hear ideas factually rather than determining its value before discussion or exploration
- Hold space for diversity of values
- Love and forgiveness
- Accepting of differences, giving others the liberty to express/own their own story
- Understand others' perspectives

Generosity:

- Time and space

- Benefit of the doubt
- Assume the best – people are doing the best they can
- Give an “A” but include bookends of accountability
- Respect
- Active listening
- Ask questions, be curious
- Giving – all things in alignment with your values for the betterment of others; giving time, respect and tools
- Caring for each other
- Patience
- Balance to give and receive
- Be generous/kind to self
- We need tools to navigate this efficiently

Trust Exercise

- We split into pairs to work through this exercise

The Four Steps that Destroy Relationships

1. Criticism – there is a difference between a complaint and criticism. You can give negative feedback without it being criticism.
2. Contempt – Assumes moral superiority over. It’s saying you’re better than the other person.
3. Defensiveness – Usually a response to criticism. When we’re defensive, we’re not our best self.
4. Stonewalling – Communication stops, withdraws and shuts down. The person disengages. You likely need to take a break since pushing further will stonewall more.

How BRAVING could look at Wasco County:

1. *Boundaries* – More communication and more consistent communication about boundaries and clarifying constraints. Use the language “here’s what’s okay, here’s what’s NOT okay”
2. *Reliability* – Avoid overcommitting. Communicate when things have shifted. Be clear on assignments. Understand strengths and weaknesses. Don’t commit others. What agreements are we willing to make – prioritize the work, raise your hand if you need to ask for help, don’t commit others. Have honest conversations about workload. Agreeing that we can’t do everything. Look at the time horizon (put together a calendar of department busy times). It helps build infrastructure for succession planning.
3. *Accountability* – what can we agree to? To meet and agree what accountability looks like (define it). How do we hold another department accountable when we work together? Have regular check in on progress toward goals. Resolve how accountability is measured across managers and directors who might be in the same meeting.
4. *Vault* – Identify when something is confidential or not in a meeting. If a management meeting is a publicly-noted meeting, by definition the information is open and not confidential. There is a subset of information that even if someone says it’s a “vault” issue cannot live in the vault because of legal implications. Also, you can’t invoke “the vault” as a form of gossip.

5. *Integrity* – What agreement? Being open with each other. Work through the discomfort. Be able to call people on it when they aren't using integrity.
6. *Non-judgement* – Ask questions and be curious. Don't hold "it" against me. Honor the tenants' of Creating a Climate Where Truth is Heard
7. *Generosity* - assume competence. Giving space for generosity to happen. Assume good intentions. Set different boundaries based on the data we have.

SKILL SET #4: LEARNING TO RISE

Emotionally healthy workplaces start with emotionally healthy leaders. Are we spending enough time and energy helping each other be emotionally healthy.

- How do you recognize that you're emotionally hooked? Why am I triggered?
- Noting that I'm triggered, what actions can I take to deal with it?

Offloading Hurt (pages 62)

1. *Chandeliering* – seem to be fine, and then all of the sudden they're hanging off the ceiling. It's the weird trigger that sets off the last straw. It blows the trust because people don't know what happened. It causes a need for a lot of clean-up.
2. *Bouncing Hurt* – throwing painful emotion back at someone so you don't have to deal with it. Take whatever is happening and push it back. It results in people being afraid to provide feedback.
3. *Numbing* – you don't want to feel an emotion or pain, so they use numbing techniques (drugs, alcohol, working too hard, etc). If your coping mechanism is working too hard, the company might inadvertently reward that behavior. When you numb, you numb both the bad AND the good stuff.
4. *Stockpiling* – You have packed down so much stress that eventually your body takes over physically to shut you down.
5. *High Centering* – you've taken a step in and get stuck. You can't move forward and you can't get back. Leaving things "as is" is an unhealthy place as an organization.
6. *The Umbridge* – Things look sweet on the surface, but it's rotting underneath. It's a façade of everything being okay.

Integrity Partner – Rumbling with Anxiety

- Some people freeze/withdraw with stress, the other jump into action (over performing). The people who withdraw can result in not being relevant. If you're the over performer, you can often experience burnout and resentment.
- Integrity partner is someone who you can check in with and have be your partner when staying in Dare to Lead skills.

DAY THREE

REVIEW AND REFLECTION ABOUT DARE TO LEAD LEARNING

- The team was able to start using phrases to tease each other
- Some people thought we were coming to do group therapy, so they were pleasantly surprised when it turned out very different and looks like a great way to change how we interact if we put it into perspective
- There was a recognition of the behaviors we exhibit that aren't healthy as we went through exercises. We all have them to one degree or the other, but now have ways to switch to healthy behaviors.
- There was discussion about sharing it with our teams and enthusiasm for having the conversations/learning for them
- Appreciation was expressed for the space where we held the training which contributed to the relaxed learning and getting to know people better
- The material we are learning is a hard but great opportunity for self-reflection on how we act and interact and being able to act differently
- Scott says "Yes. Now what's the question?" He's interested in seeing how we put it into practice.
- Some people recognized that they've had tunnel vision being "down in the trenches" and that they need to look up at the big picture as a leader at the county. Making space for this reflection is important.
- A happy wife is a happy life – we need to find balance so we're happy at work, otherwise our employees won't feel happy either.
- There has been tremendous growth that's been seen in all of us over the past three years in terms of willingness to have hard conversations.

RECAP OF SPECIFIC DARE TO LEAD TOPICS THAT RESONATED WITH US

- Embrace the Suck – recognize that it's tough but you don't have to apologize for it
- "Paint What Done Looks Like," but bring context to his team before just using it.
- Armored Leadership vs. Daring Leadership. Armor is not needed or rewarded, but there will be a transition period as we learn the tools.
- Talk to yourself the way you talk to someone you love – it's easy to be hard on ourselves
- Criticism vs Complaint – recognizing the difference and what triggers it can be tough. The concept of armor is a big one and how to act when you're triggered.
- Curiosity
- Being kind to yourself. Clear is Kind – so often we aren't really directing people which isn't kind. Don't beat around the bush.
- Clear is Kind and the Shame Shields. It will be easier to recognize now and have some context for steering around them.
- The Shame Shields – putting them down and letting yourself be vulnerable. Be truthful to yourself
- How our values filter the messages we hear and how they might trigger us. Values and understanding their impact both ways is important
- Clear is Kind, especially when communicating. BRAVING and those concepts, especially the last one of Generosity and assuming the best.
- Getting Ready to Rumble, Rumbling with Vulnerability. Generosity resonates and the importance of being generous. Give others the benefit of the doubt.
- Clear is Kind/Paint what done looks like and assuming people are doing the best they can with the tools available

- Balance and the fact that a lack of it can have a significant ripple effect. Daring leaders are never quiet about the tough things
- Values and spending the time to truly understand them, then seeing how it gets brought into the arena. The other is “What is the story we’re telling ourselves”?
- Who we are IS how we lead
- Daring leaders are never quiet about hard things
- Didn’t know what to expect, feels excitement about the potential
- Knew some of this internally but it reinforces it.
- The chapter on empathy and what it is or isn’t
- Paint what done looks like – this is important for accountability. Clear is kind – we have the best of intentions, but how do we show up
- How shame shows up in the workplace, especially how productivity relates to self-worth. That these concepts are not just what shows up at work, but shows up in our relationships at home. We can take advantage of our family without realizing it.
- Clear is Kind and Painting What Done Looks Like. As a team, we need to use these two to be clear on what we’re doing. Wholeheartedness – “I am enough”. Most of us are harder on ourselves than others.
- Why here, why now? Resonated for some of the other work/partnerships being done.

ARMORED LEADERSHIP VS DARING LEADERSHIP – WHERE ARE WE AS A TEAM?

1. Driving Perfectionism/Modeling Healthy Striving – mixed bag.
2. Working from Scarcity/Practicing Gratitude – we do better at the department level, but maybe have a hard time celebrating success at our management level. We stopped celebrating or reviewing in part when we weren’t doing the strategic plan.
3. Numbing/Setting Boundaries and Finding Comfort – have probably erred on the side of numbing versus boundaries. Embrace the suck to move away from numbing.
4. Propagating Viking/Strong Back, Soft Heart – more on the side of strong back, but the old budget cycle used to be win/lose
5. Being a Knower/Being a Learner – being the knower was something that several of us were raised with. Being a learner means gauging how you’re asking questions of others so they don’t feel like you are grilling them. Also, there’s difference between being a knower versus a know it all
6. No response
7. Button Pusher/Making Contributions
8. Power Over/Power With – this is a method seen at counties because of how leadership used to be. Is this always bad? There’s a difference between a place of authority that needs to be respected. This can be a reverse issue for Tyler who consciously stays away from “Power Over” and looks for “Power With” which isn’t always well received. Having gone through Baldrige Training, consensus is important to him. A point was made that Power Over is not listening to what people think at all and making a decision, but that a leader can also listen to perspectives and still make a final decision.
9. Hustling for our Worth/Knowing our Value
10. Leading for Compliance
11. Weaponizing Fear

12. Rewarding Exhaustion/Modeling Supportive Rest – this one had some interesting discussion because this armor is used more than we think at first glance. This is a comparison issue, staffing issue, worthy of funding issue. This is also hard to see because of the fluctuation in department workloads/projects. This one filters down to our team members in some cases.
13. We ran out of time for discussion of principles 13-16.

BUDGET/FINANCE PRESENTATION: FINANCIAL PROJECTIONS

The following information was presented by the Wasco County Finance Director.

Financial Projections – 2020 Summit

- What are Financial Projections?
- Long-term Planning vs Reacting
- Disclaimers
- Known Risks
- Unknown Risks
- Current Status – Review of Funds
- “What if?” Scenarios

What are Financial Projections?

- Not a fortune teller
- Not a prophesy
- I DO have a Magic 8 Ball
 - “Ask again later” is not exactly helpful in building projections...
- Think of headlights on a car lighting the road ahead
 - Just because we see it, doesn’t mean we hit it
 - Make adjustments to path
 - Enable planning instead of reacting
- Reacting is a fact of life – can’t plan for everything
 - “Best laid plans of mice and men.”
 - 1785 – Robert Burns poem – “To a mouse”
 - “The best laid schemes o’ mice an’ men/ Gang aft a-gley.”
 - Or perhaps, “No plan survives contact with the enemy.”
 - Helmuth von Moltke the Elder – Chief of Staff of the Prussian Army before WW1
 - “No battle plan survives first contact with the enemy.”
 - Phrase has been adapted to many different areas – all appropriate
 - Referring to deterministic plans vs resilient strategies
 - Bend – Don’t Break

Disclaimers

- Budget is a work in process
 - Projections updated to best available at time of creation
- Assumptions can (and will) change based on Management Decisions
- Projections are HEADLIGHTS not TRAIN TRACKS

- Actual results WILL vary

Risks – Known

- PERS (Public Employees Retirement System)
- Personnel as a whole
- Revenue decreases

Risks Known – PERS

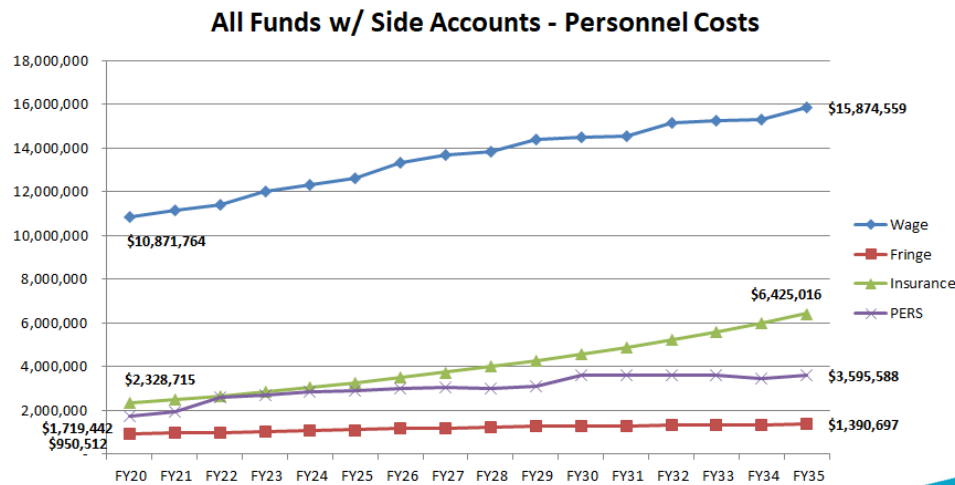
- PERS is rising
- Options
 - Do nothing, the State will come up with a plan
 - Leave PERS – go to other options
 - Fund PERS Side Accounts
- Wasco has started a PERS Side Account
 - FY21 Budget will have another Side Account if possible
- State has a plan
 - Set up Employer Incentive Plan – up to 25% match
 - Only helps those that are actively putting resources to address issue
 - IF the organization moves fast enough...
 - Spent out – Wasco on waitlist for additional funding
 - More funding hopefully will come
- Side Account set up for \$3.8M
 - 4.3% rate credit on PERS
 - Started 1st pay period of August 2019
 - Saved almost \$13K – 22 periods * \$13K = \$286K in savings in FY20
 - Looking to put savings to fund another Side Account
- Leave PERS – offer a different option
 - Great Idea – the Unfunded Actuarial Liability (UAL) does not go away
 - \$12 million – and slowly decreasing (as of last valuation)
 - Net \$8.2 million after Side Account
 - So, would be funding a new program and still paying into the old program
 - Has been done by another agency sort of.
 - New employees get a choice PERS or a 401k – Default is the 401k
 - Large employer – took special legislative action to allow
- Why do we have PERS? Others have “better” benefits
 - Defined Benefit (PERS) vs Defined Contribution (401k like plan)
- Comparison Assumptions:
 - 20 year career
 - DB used 2017 and forward projections with rate credit (4.3%)
 - DC contributes 12.4% between employee & employer
 - 7% interest earnings until retirement
 - 5% interest earnings after retirement
- Defined Contribution (DC) Results:
 - Total contribution = \$190,052
 - Interest earned = \$204,642
 - Total at end of 20 years = \$394,694
 - \$38K annually for 15 years then all benefit is exhausted

- PERS Results:
 - Total contribution on 6% = \$91,962
 - Interest earned on 6% = \$99,022
 - Total on 6% at end of 20 years = \$190,984
 - County will have contributed \$286,537 to PERS Defined Benefit
 - Rate Credit will save \$57,970
 - Annual PERS DB \$28K for life
 - 20 years service * 1.5% per year * highest 3 year average
 - 20 * 1.5% * \$93,598 = \$28K annually
 - Police/Fire use 1.8% per year – so \$34K per year
 - 6% account could draw \$18K annually for 15 years
 - Net Annual \$46K for 15 years, then \$28K for life
 - Net Police/Fire \$52K for 15 years, then \$34K for life
- Defined Contribution – 401K like plan
 - After 15 years paid out \$570,385
- PERS – 6% & Defined Benefit
 - After 15 years paid out \$697,189
 - Still have ongoing benefit of \$28K annually
 - Police/Fire after 15 years paid out \$781,426 & \$34K annual ongoing
- Winner – for long term employees – PERS
- However, 401k is portable, PERS is less so

Risks – Known – Personnel as a whole

- \$1 in wages = \$1.46 fully loaded
 - (varies dependent on benefit package)
- In 15 years, \$1 in today's wage = \$2.5 fully loaded
- Personnel in FY20 – All Funds Total = \$15.9M
- Personnel in FY35 – All Funds Total = \$27.3M
- Includes the 4.3% Rate Credit
 - By FY35 rate credit is projected to save \$682K that year
- Insurance increases 176% in 15 years
- PERS increases 109% in 15 years
- Wages only increase 46% in 15 years
- Overall increase 72% in 15 years

See chart next page



- Wage has the jump every 3rd year for Cost of Labor trend
- Insurance still climbs fast
 - FY20 about 21% of Wages
 - FY35 about 40% of projected wages
- PERS grows 109% by FY35
 - Better projected % from PERS
 - Effect of the Side Account Rate Credit
 - Projections last year – by FY34 PERS = \$4.7M
 - Projections this year – by FY35 PERS = \$3.6M
 - Additional Side Account funding could put PERS on an even flatter trend
 - \$1M = about 1% rate credit; another \$4M would put FY35 at 18% - only 0.5% different than FY20 effective rate

Risks – Known – Revenue decreases

- Property Tax limited by falling market and/or Compression
- Since FY14
 - Average Property Tax Growth \$419K/year or 4.9%
- Since FY07
 - Average \$303K & 4.25% annually
 - Lows: 0.61% FY13; 1.23% FY16
 - FY19 grew by \$502K; if that was 1%, it would have been \$86K
 - \$416K gap in General Fund would have been created
 - How would that have been covered?
- Where is the growth coming from?
 - Base increase 3%
 - New construction – good economy
 - Reappraisals
 - New software implementation has a possibility of impacting growth rate due to band-width of staff

- Current Property Tax pattern since 2006

FY	Budget	Actual	Budget Variance	Year to Year Growth	Growth %
2020	9,463,636	9,617,127	153,491	434,215	4.73%
2019	9,249,136	9,182,912	(66,224)	502,114	5.78%
2018	8,580,000	8,680,798	100,798	458,916	5.58%
2017	8,159,810	8,221,882	62,072	365,335	4.65%
2016	7,945,284	7,856,547	(88,737)	98,624	1.27%
2015	7,597,677	7,757,923	160,246	350,782	4.74%
2014	7,271,860	7,407,141	135,281	241,259	3.37%
2013	7,178,996	7,165,882	(13,114)	40,265	0.57%
2012	6,954,689	7,125,617	170,928	285,950	4.18%
2011	6,611,373	6,839,667	228,294	262,599	3.99%
2010	6,418,809	6,577,068	158,259	251,200	3.97%
2009	6,139,203	6,325,868	186,665	332,913	5.56%
2008	5,850,000	5,992,955	142,955	284,655	4.99%
2007	5,600,000	5,708,300	108,300	327,687	6.09%
2006	-	5,380,613	5,380,613		
Average				\$ 302,608	4.25%

- State Funding – Competing Priorities
 - State looking to find additional funding
 - Legislation can drastically alter the funding stream of departments
 - Public Works and Forest Revenue for example
 - \$1.9M in FY07
 - \$704K in FY12
 - \$114K in FY17
 - \$531K in FY19
 - 911 has additional revenue (cell phone tax increase)
 - Already had legislators looking to repurpose the funds

Risks – Known – Partner Funding

- Several expenses area are shared with partner agencies
 - 911, Norcor, NCPHD, Assessing software support
- Puts expense at risk of increase due to funding priorities of partners
 - Decreasing support – or not increasing support – of partners increases County Cost

Risks – Known – How to address

- Short term – utilize reserves
 - 911 in FY18
 - Reserves can only be spent 1 time – NOT along term solution
- Service reductions if not a blip
 - Child Support in District Attorney's Office
- Utilize reserves to have a less drastic/immediate response
 - PERS Side Account
- Revamp department processes and/or priorities

- Technology, Outsource, Collaborate
- Replace software – Assessing & Finance

Risks – Unknown

- What don't we know is coming?
- Bubbles in the economy
- Another Bernie Madoff?
- Worldcom; Enron; Lehman Brothers Collapse
- All impacted the economy; frauds, bankruptcies, irresponsible investing
- Does anyone think this has cleared out all the shenanigans going on with Wall Street?

How is Wasco County doing?

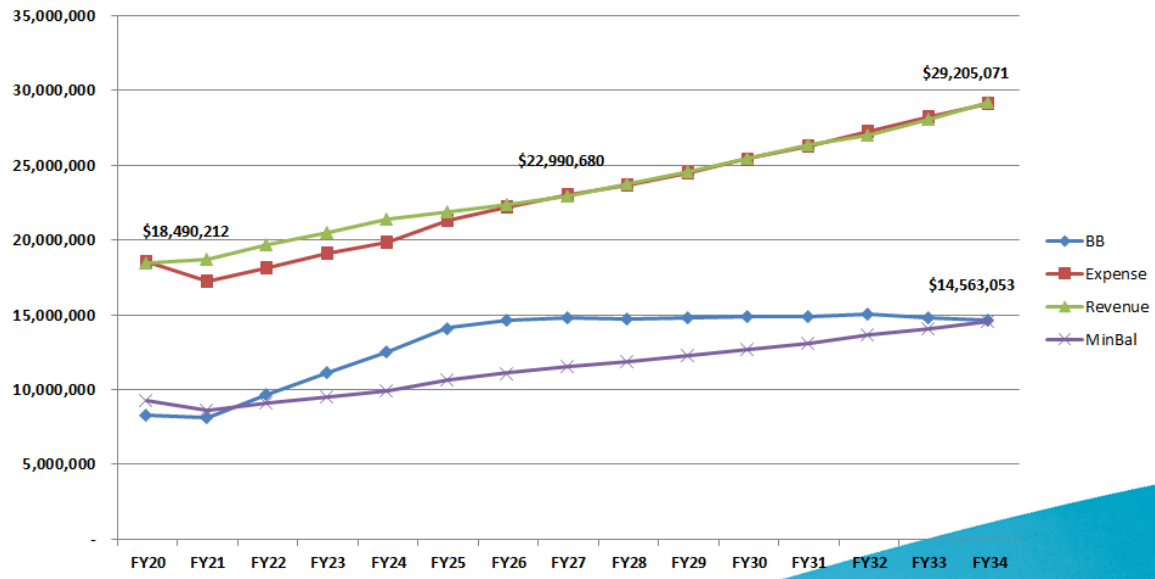
- Fine
- Ok, Seriously FY20 is good. The future has some risk
- Across all funds, \$33.4M in cash & investment as of 1/13/2020
- Reserve Funds
 - Road Reserve \$5.2M
 - Capital Acquisitions \$3.9M
 - Facility Capital Reserve \$2.1M
 - General Operating Reserve \$5.1M
 - EVEN 911 Reserve has FUNDS! \$51K! (yes “K” as in “thousands”, not “M” as in “millions”)

Overview – General Fund

- Based on current projections, expenses will meet revenues in FY27
 - Decreasing contributions to Reserves to prevent expenses exceeding revenues
- \$405K in Abatement funds included but will be ending
 - FY22 \$125K ends; FY31 \$280K ends
 - Future Abatements not included
- After FY27, revenue and expense remain even
 - Done by slowly decreasing transfers to reserves
- Minimum Fund Balance for General Fund is 6 months for now with a long-term goal of 1 year
 - Exceeds it, then falls to meet in FY34 as expense increases

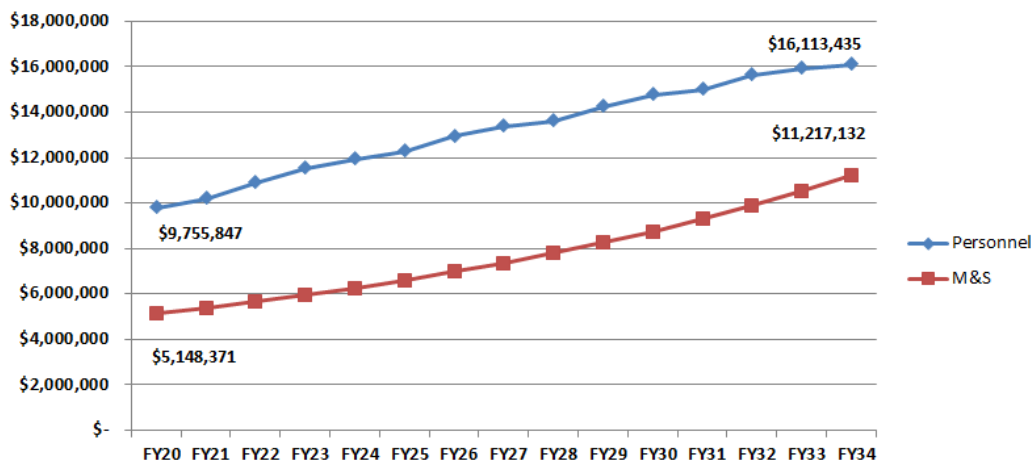
See chart the next page

Revenue & Expense - General Fund with Fund Balance



- FY20 Personnel is 66% of operations; M&S is 34%
- FY34 Personnel is 59% of operations; M&S is 41%
- Personnel is growing at 4.3%
- M&S is growing at 7.9%
- Average Property Tax growth from FY06 is 4.9%
- Combined Expense growth rate is 5.6%

General Fund - Personnel vs M&S

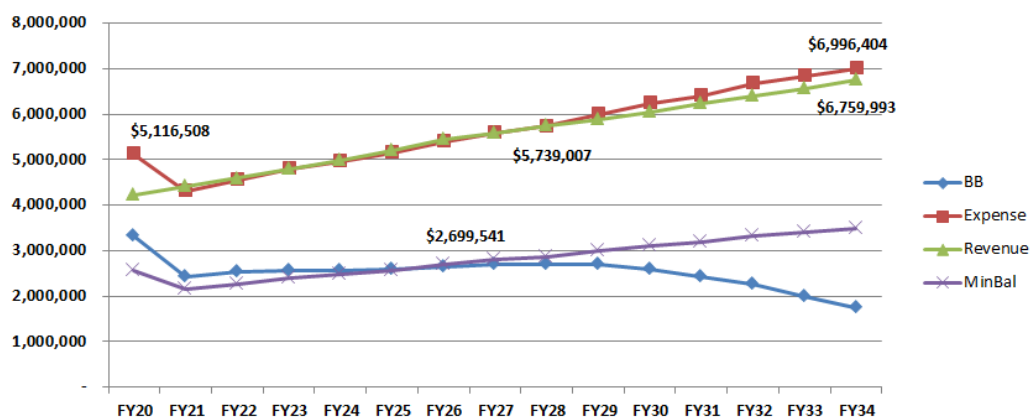


FY20 Personnel is 66% of operations; M&S is 34%. By FY34 this changes to 59% Personnel and 41% M&S. Personnel is growing at 4.3% while M&S is growing at 7.9%. At this time, Property tax growth is 4.9% while the combined expense growth is 5.6%.

Overview – Public Works

- Public Works Expenses will exceed Revenues after FY24
- Expense > Revenue in FY20 due to transferring \$1M to Road Reserve Fund
 - Planned situation
- Revenue and Expense close and start to separate in FY29
- The Fund Balance for PW drops below the Minimum Fund Balance in FY26

Revenue & Expense - Public Works Fund with Fund Balance

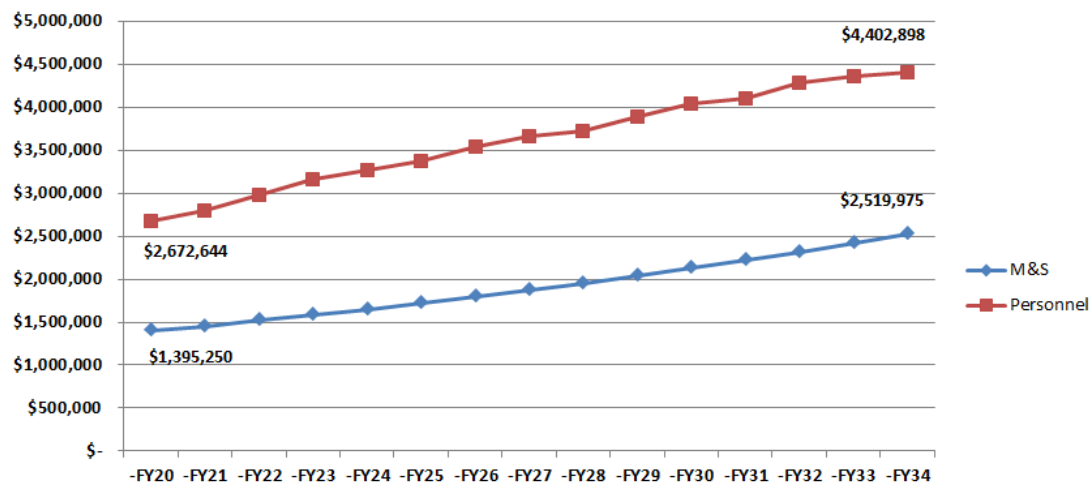


Revenues and Expenses are very evenly matched until FY29 when expense starts to exceed revenues significantly. From FY22 to FY28 all but one year has a difference of revenue to expense of less than 0.8% - FY25 has 1.3%. FY29 has a variance of 1.9% and the amount grows from there.

- Personnel is 65.7% in FY20 of operations (Personnel + M&S)
 - 63.6% in FY34 projection
- Personnel increases on average 4.3% per year for next 15 years
- M&S increases on average 5.4% per year for the next 15 years
- Overall Operations increases averages 4.7% per year

See chart next page

Public Works - Personnel vs M&S



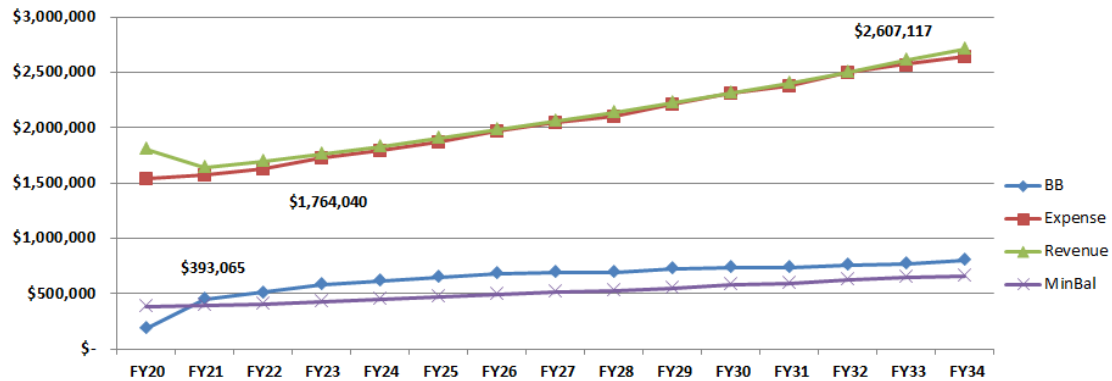
In FY20 Personnel is 65.7% of the total with M&S at 34.3%. This changes to 63.6% for Personnel and 36.4% for M&S. The overall increase over the 15 years is 70.2% which averages out to 4.7% annually.

Overview – 911 Communications

- Difficult past – but success story
- 1/3 of funding comes from 911 Phone Tax
 - With phone tax increase, this will grow but be offset by partners contributing less
- Remainder from The Dalles (60%); Wasco County (29%) and Mid-Columbia Fire & Rescue (11%)
- Minimum Fund Balance = 3 months expenses and should be reached in FY21 and maintained through FY34
- Revenues and Expenses parallel through FY33
 - See Known Risks and funding with partners
- From FY23 to FY33, Expense is consistently less than 2% above/below Revenues – average is 1%
- Management reviews budget with partners every year, Costs are watched closely
- Fund is on the balance point

See chart next page

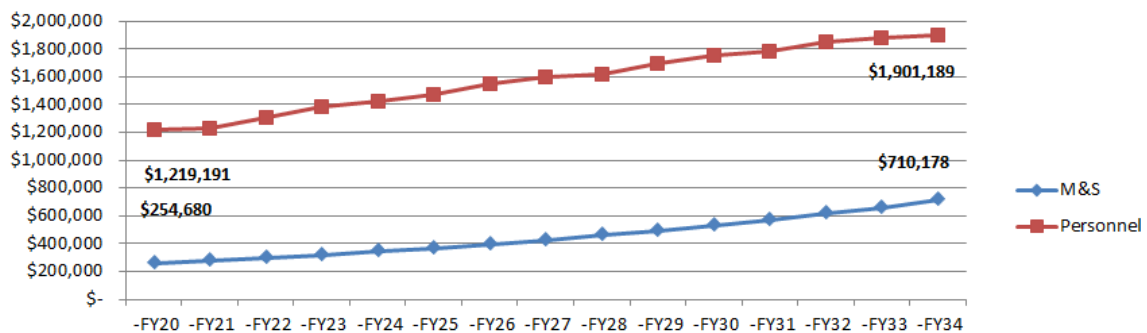
911 Communication Revenue & Expense with Fund Balance



The fund is shown at the balance point as from FY23 to FY33 the average difference between Revenues & Expenses is 1.0%.

- Clearly Personnel is the driving force in 911 Communications

911 Communications - Personnel vs M&S



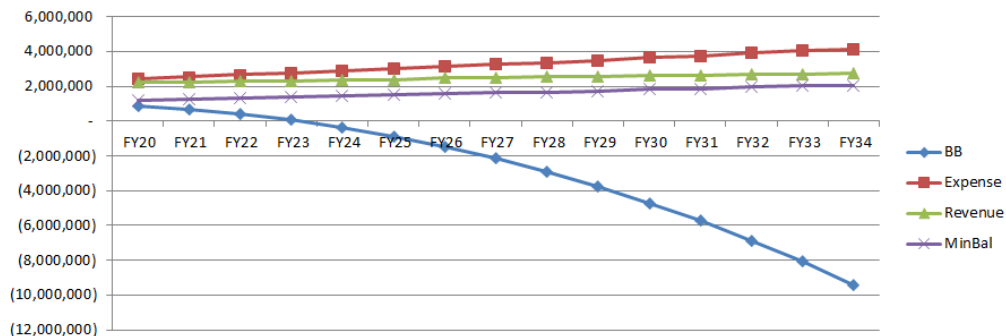
Personnel is the driving force in 911 expenses. In FY20 it makes up 82.7% of operational expenses. This declines in relation to M&S to 72.8% in FY34.

Overview – Community Corrections

- Community Corrections already has expenses > revenues
- Budgeted difference of \$186K in FY20
 - This is a budgeted use of fund balance
 - By FY34 it is projected to be \$1.3M
- Fund Balance is below the Minimum Fund Balance as of FY21
- Fund Balance goes negative in FY23
- Driven by
 - Support for Transitional Housing & Norcor
 - Personnel

- Current path is not sustainable
 - The Road is turning and our lights are showing us the ditch by the road
- Management is aware – Addressing the issues
 - Looking for new revenue – Insurance billing
- Plan:
 - Conservative on State Funding estimate
 - Reviewing contracts with transitional housing provider
 - Closely watch expenditures

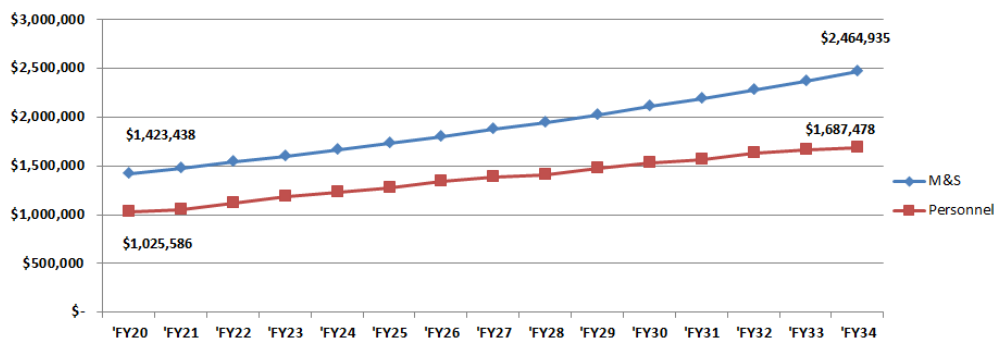
Revenue & Expense - Community Corrections with Fund Balance



Expenses are projected to grow faster than revenues which if allowed to continue will result in lost Fund Balance. Balance can be maintained by controlling the increase of expenses. The largest of which is transitional support. In FY23 Fund Balance goes negative.

- M&S is more than the Personnel in this fund
 - Odd – as intuitively a Probation Officer is a very Personnel focused function
 - Support to Norcor and Transitional Housing is \$1.1M of the \$1.4M FY20 Budget
 - Norcor coming to the General Fund instead is a +\$600K hit which would more than take the entire Property Tax growth that year
 - Why is this done? Standard practice – use the most restricted funds available to meet an expense as this allows for most flexibility entity-wide
 - This is the Driver for M&S costs

Community Corrections - Personnel vs M&S



M&S exceeds the Personnel costs with a difference of 58.1% M&S in FY20 to 41.9% Personnel. This ratio has not significantly changed by FY34 - it is 59.4% M&S and 40.6% Personnel in FY34. This is due to growth in M&S of 4.9% on average and Personnel growth of 4.3% average for the 15 year projection.

Overview – Building Codes

- Building Codes is a new Department so will need to build a history
- Building Codes – General
 - Current rates – Expense > Revenue by \$100K
 - Fund Balance is healthy – potentially \$3.9M
 - \$1.1M from State turn over
 - \$247K from FY19 start of operations
 - \$2.6M from MCCOG closeout – still working with other partners on amount
 - Target Minimum Fund Balance \$2M
 - 6 Months expense in Contingency = \$400K
 - Unappropriated for Future Fiscal Periods to cover revenues <50% for 4 years = $\$400K * 4 = \$1.6M$
- Evolving as Department develops
- Building Codes – Electrical not as secure
 - Current rates – Expense > Revenue by \$165K
 - Fund Balance is anemic – potentially \$666K
 - \$16K from FY19 start of operations
 - \$650K from MCCOG closeout – still working with other partners on amount
 - Current annual projected losses of \$165K year means Fund Balance gone in 4 years – FY20 is year 1 so three more to go
 - Target Minimum Fund Balance \$1.125M
 - 6 Months expense in Contingency = \$125K
 - Unappropriated for Future Fiscal Periods to cover revenues <50% for 4 years = $\$125K * 4 = \$1.0M$
- Evolving as Department develops
 - MCCOG closeout split to be examined
 - Review expense split

Overview – Other Small Funds

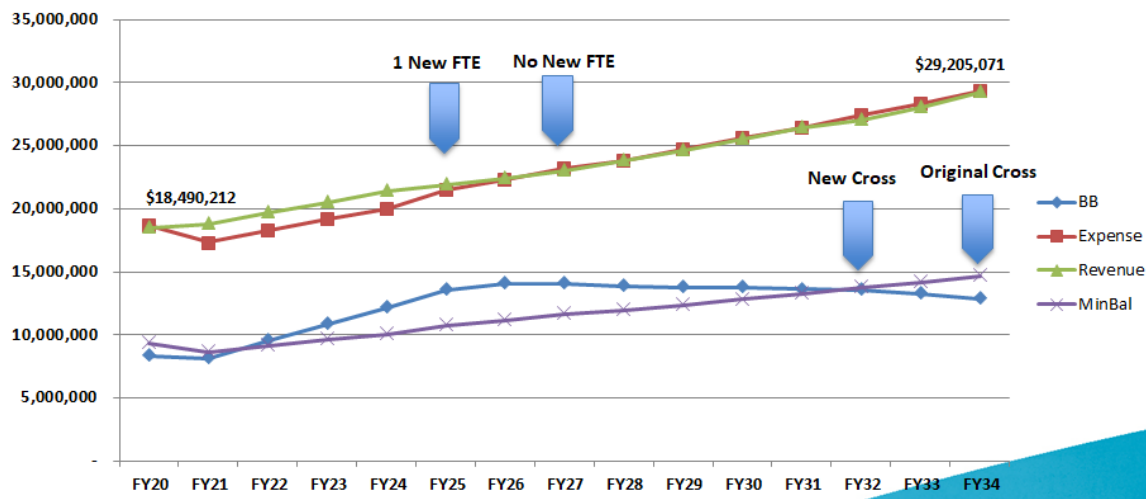
- Most other funds small and dedicated to specific purposes with minimal costs & revenues
- Only 3 to discuss
 - Fair – growing slowly but is primarily due to finding a split that works with the Park Fund.
 - Strong ties to Park
 - Could not exist in current form without the Park
 - Park Fund – doing quite well, solid & growing fund balance
 - Strong ties to Fair
 - Does benefit from Fair relationship – would not be as strong without it
 - Museum – Growing slowly.
 - Revenues growing, not as fast as some would like
 - Manage expectations of the Museum Commission for funding & growth

What If – General Fund – Additional Personnel

- One Additional General Fund Position – Any Dept
 - Assume \$60K position (Full Cost = $\$60K * \$1.46 = \$87,600$ fully loaded)
 - Now Expense > Revenue just before FY25 instead of FY27 (2 years)
 - Fund balance now is less than Minimum Fund Balance in FY32
 - Two years sooner
 - From FY26 on Expense > Revenue

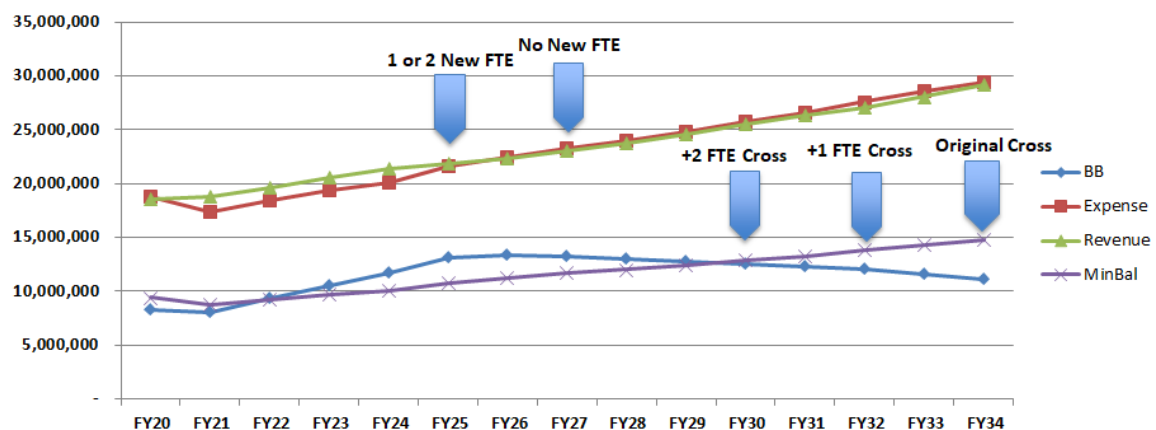
- Make it two
 - Expense > Revenue in FY25 – instead of FY27 (2 years)
 - Narrow difference in Revenue & Expense
 - Fund Balance below Minimum Fund Balance in FY29 and dropping – (3 more years for 5 years total)
- One Additional General Fund Position – Any Dept

Revenue & Expense - General Fund with Fund Balance - +1 Position



- Two Additional General Fund Positions – Any Dept

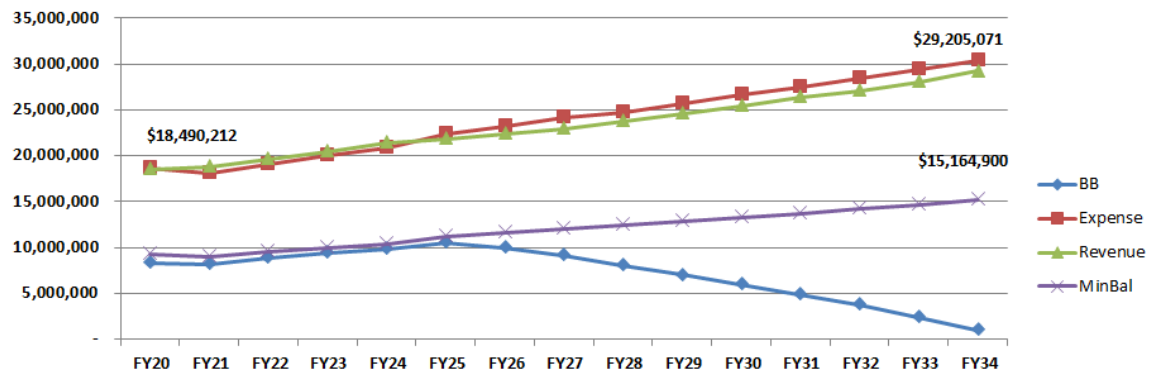
Revenue & Expense - General Fund with Fund Balance - +2 Positions



- Let's make it 3.
 - Expense = Revenue in FY25
 - Expense > Revenue in FY26 and forward
 - Fund Balance drops below Minimum Fund Balance by FY28
 - Lose 1 years – total years lost is now 6.
 - Roughly applies to any positions added – assumed \$60K for comparison

What If – General Fund – Move Pay 10%

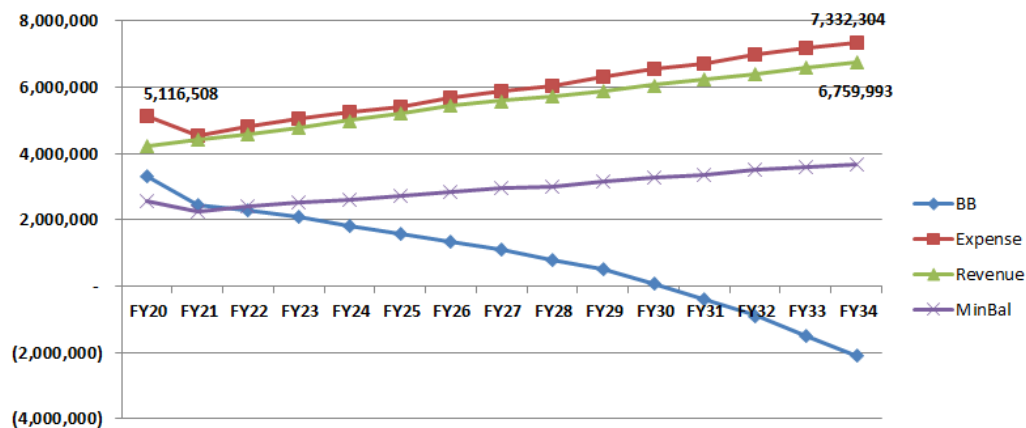
Revenue & Expense - General Fund with Fund Balance - 10% shift in Pay



With a shift from the 50th percentile to the 60th percentile - roughly 10% pay rate change - Revenues exceed Expenses in FY25 and the gap widens pushing down fund balance. Fund Balance never reaches the targeted Minimum Fund Balance and is near \$0 by FY34.

What If – Public Works – Move Pay 10%

Revenue & Expense - Public Works Fund with Fund Balance - 10% Shift in Pay



While revenues and expenses are close for several years, the gap causes fund balance to decline with negative fund balance in FY30.

What If – Decreased State Funds

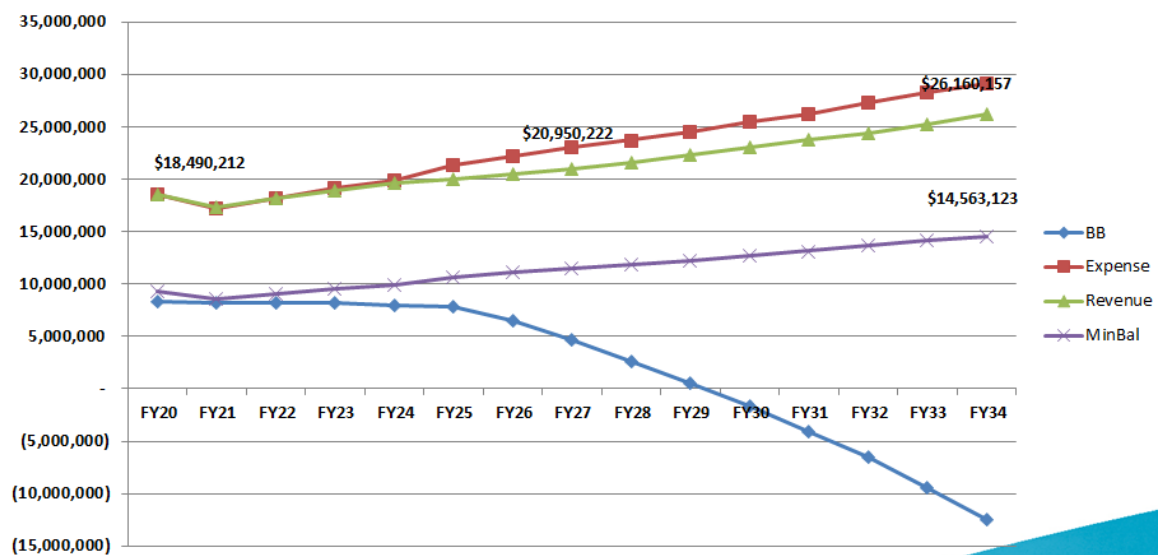
- Already in base assumption have 1 year with 0% tax growth and 2 years reduced (2%) growth
- Same year as 0% tax growth has 0% growth on State Funding
- Moves balance point up 1 year for Public Works & 911 Communications

- Community Corrections – Well, that doesn't look all that good

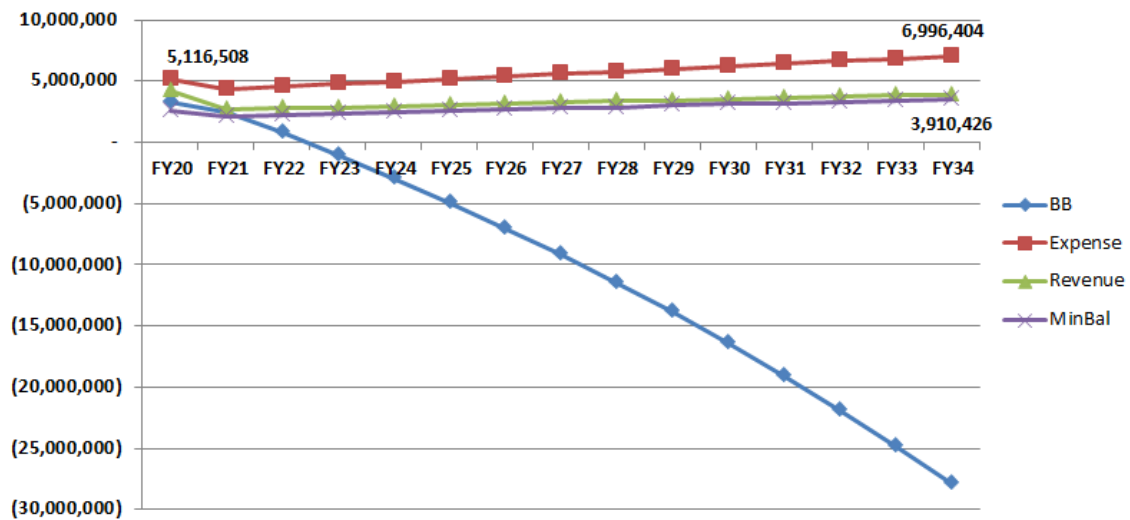
What If – Decreased Federal Funds

- OK – How about if the cut is also to Federal Funding?
 - 50% cut to Fed funds in FY21
- General Fund now has Expense > Revenue just before FY25
 - Expense stays above Revenue, negative Fund Balance FY29
- Public Works now has Expense > Revenue just before FY21
 - Long Term the Fund Balance is negative in FY23
- No change in 911 Communications or Community Corrections
- So, this maybe an issue for specific departments
- Depending on how revenues come back would make a difference

Revenue & Expense - General Fund with Fund Balance - 50% Cut to Federal Funds in FY21

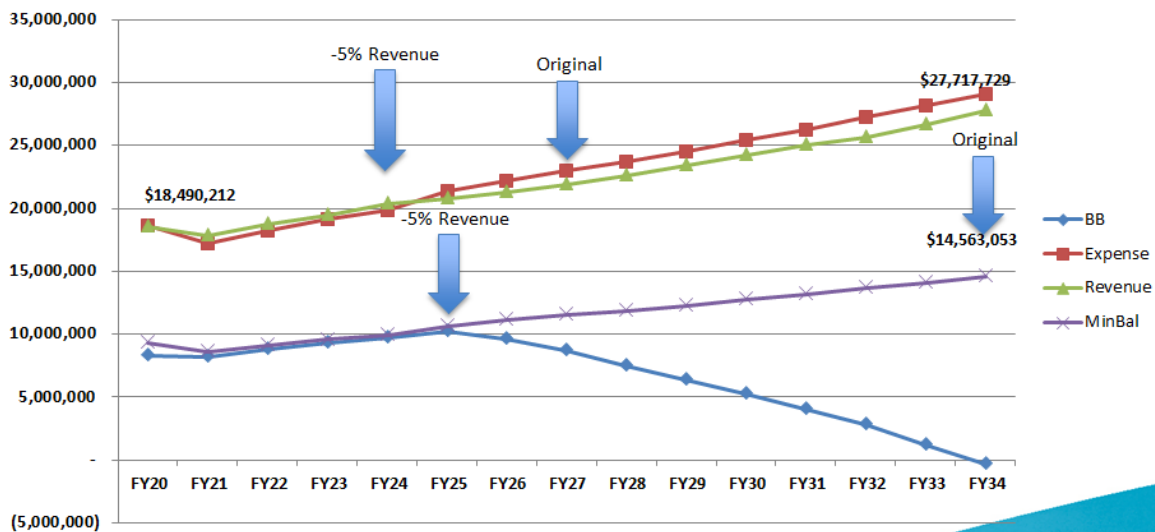


Revenue & Expense - Public Works Fund with Fund Balance - 50% Cut to Federal Funds in FY21

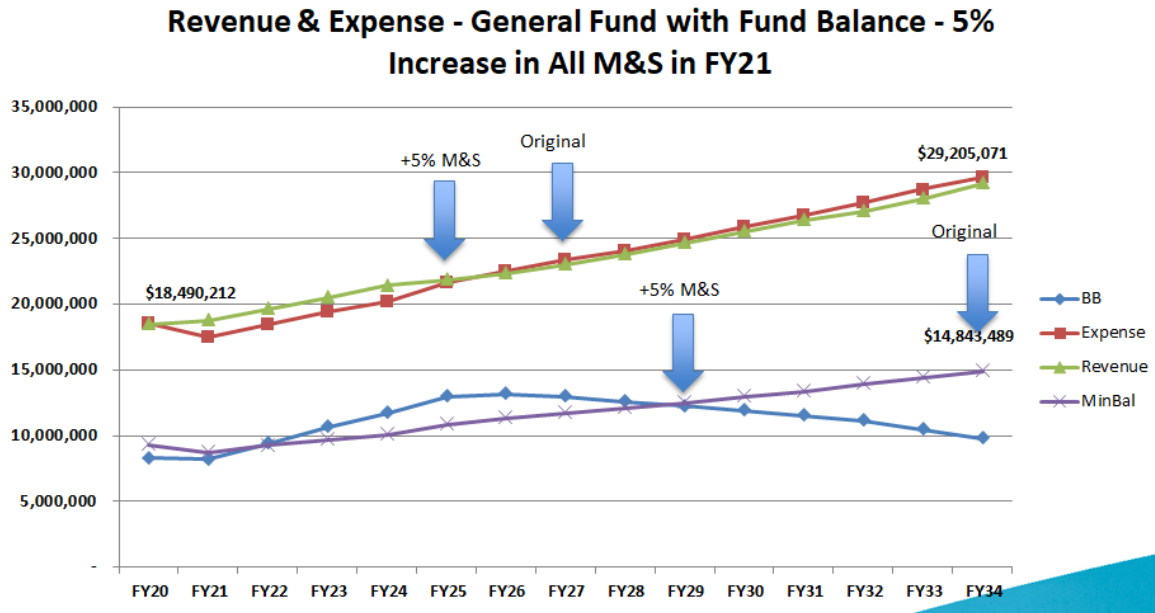


What If – 5% Reduction in All Revenue

Revenue & Expense - General Fund with Fund Balance - 5% Reduction to All Revenue in FY21



What If – 5% Increase in All M&S



BUDGET GUIDANCE PROCESS

- This is to set clear boundaries on how we budget and move things forward
- Reviewed the handout put together by Finance and our Administrative Officer
- Points
 - 1 – Same Level of Service
 - 2 – No New FTE (positions)
 - 3 – Focus on Sustainability
 - 4 – Budget Expansion Requests
 - 5 – Capital Request Timeline
- Economic Theory – Marginal Utility
 - Each \$1 spent on the most important priority at that time
 - This priority can change after each \$1 spent

Approved this 1st Day of April, 2020.

Wasco County Board of Commissioners

Scott C. Hege, Chair

Kathleen B. Schwartz, Vice-Chair

Steven D. Kramer, County Commissioner