



PRESIDENT'S ANNUAL REPORT

By

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Introduction

I became President of the Washington Association of County Officials on January 1, 2011, after President Mike Harum lost his seat as the Chelan County Sheriff in the November 2010 election.

It has been my pleasure to serve as President of the WACO Board of Trustees this year. You have given me great responsibility, and I have been pleased to serve with an excellent and dedicated Board of Trustees.

It didn't seem like anything this past year was easy. Quite frankly, we had some problems that needed the attention of the Board of Trustees. At times, it seems like we bounced from one defining moment to another.

- King and Pierce Counties did not have funding for WACO in their budgets, which would have meant a 40 percent loss of revenue for the organization;
- The Washington Association of Counties asked us to consider a proposal of reorganization with them;
- Our Executive Director Deb Wilke retired after 30 years of service to government setting the stage for new leadership at the administrative level;

- Our Deputy Director James McMahan was promoted to Executive Director after a competitive process that included many qualified people with great vision for what WACO can be;
- The court of appeals ruled that WACO is a quasi-public organization subject to the open public meetings laws;
- The Board of Trustees approved a plan for reorganizing the staff at the Olympia Office that resulted in the termination of three employees;
- We took a fresh look at problems with the operation of our 401K plan and our financial records, and discovered serious weaknesses in internal controls that have led to a loss of funds from the general account and scholarship fund.

As I reflect back I ask myself: Did my style of leadership create these problems? Am I like a mother with Munchausen syndrome, making the organization sick just so I can take care of it?

The answer is no. I do not have Munchausen Syndrome.

Let me tell you a little bit about the leadership style in my personal life, my office in Friday Harbor and with WACO. It is a leadership style that is described in the book *Synchronicity* by Joseph Jaworski, the son of Watergate Prosecutor Leon Jaworski. *Synchronicity* describes those moments when things come together in an almost unbelievable way; when events that could never have been predicted seem to guide our inner path. What leadership is about is being conscious of these paths that using your inner character to participate in shaping the future. It's about the things we as elected officials do every day. We listen, we collect information, we decide when we must act, and then we act. Listening, collecting information and taking advantage of those moments is what shapes our future.

I would wager that in 1959 this type of predictable miracle explained the events that led to the legislature adopting laws recognizing the coordination of county administrative activities and the reimbursement for services – that is, the recognition of the Washington Association of County Officials.

I am pleased to say that the events of this past year did not weaken WACO. In fact, they have made us stronger. That's because in WACO there is a strong need to coordinate what we do, a strong identity in WACO and strong purposes and resolve by the members of WACO.

Remember, of course, that WACO is more than just the Board of Trustees. WACO is you, the members of WACO. And each of the seven affiliates has internal strengths and leadership that was undiminished this past year. Auditors put on conferences and trainings for elections, recordings and others areas of work. Prosecutors put on trainings for criminal and civil deputies and leadership meetings for the elected. Coroners and medical examiners met to

put on their annual training to keep death investigation in Washington at high levels. Clerks met in La Conner to make sure they stayed sharp on their relationship with the Courts. The Assessors met too. Those meetings, those gatherings, are the inner strength of WACO.

We put on two major conferences: The newly elected official conference jointly with WSAC in December 2010 and, at this time, I want to recognize those newly elected officials who are attending this as their first Annual Conference. And, just as important, WACO took a survey to see what you want in your conferences so that we can improve attendance and make these annual conferences more valuable than ever. Because you are WACO - and it's you and your colleagues who attend these conferences that make WACO what it is.

The 2011 WACO Budget

When I found out Mike Harum lost the election in Chelan County I was at the bedside of my daughter, Genevieve, in Chennai, India. Genevieve was gravely ill with *p. falciparium* malaria. Call it synchronicity, call it good doctoring, I don't care. I am simply grateful that after three weeks in the hospital we were able to bring Genevieve home to the United States and she is finishing her college studies in Missoula, Montana.

I returned to Washington from India and, after getting over jet lag, I received the bad news that King and Pierce counties did not have WACO service fees in their 2011 budget appropriations and that other counties may follow. If that happened, WACO would have to cut its expenditures by about 40 percent.

I decided then and there that I would not allow WACO to fall apart on my watch. If WACO had survived for 53 years, with all of its economic ups and downs of those times, then it was going to survive this too (whatever "THIS" is).

Restoring the service fees – even with a temporary 15 percent reduction, if necessary - became my priority and, as it turns out, the first defining moment of my term. On the trips to take my daughter to the doctor in Seattle, I would stop by the offices of the King County officials. I am grateful for the personal contacts made by the Board members and some of you making sure the service fees were eventually included in the budgets. Ultimately, you now know, King and Pierce counties found a way to make the payments. Thank you to the officials in King and Pierce County and each of your counties for making this happen.

In the end the Budget Committee, led by past President Barb Wagner, recommended a 2011 budget of about \$900,000; about \$50,000 less than the 2010 budget of \$953,000.

We learned that the budget reductions to WACO are something that can occur at any time, in any county. As WACO elected officials we must constantly remain attentive to the possibility that budgets for our training and services will be reduced or eliminated. We also learned that we do not do a good job of communicating the good things we do in and for our counties. We also learned that some larger counties are contracting for services to communicate with the legislature effectively bypassing WACO and making us, in their eyes, less valuable. Your Board of Trustees and the WACO staff are here to help if that happens. Let us know what is happening in your courthouse and stay engaged.

We are watching closely to see what additional action is needed to assure we have the revenue we need in 2012.

2010 Newly Elected Official Training

Except for a power outage one evening, the 2010 Newly Elected Official Training in early December came together nicely in coordination with our “sister” organization – WSAC. I hope that those of you who attended the Newly Elected Official Training are involved in WACO because you were inspired by the opportunities of training and camaraderie that is promoted at these conferences.

New Board Members Selected During the Year

Keith Willnauer (Whatcom County Assessor) was elected as Secretary/Treasurer (under by-laws, position was vacant on January 1, 2011, when all officer’s “moved up” due to vacancy with President).

Steve Clem (Douglas) was appointed to serve as the new Trustee for the Prosecutors.

Tim Davidson (Cowlitz) was seated as the new Trustee for the Coroners.

Kris Swanson (Cowlitz) replaced Thad Duvall (Douglas) as the Trustee for the Auditors.

Relationship with WSAC

This year WACO and WSAC struggled again to address this question: should we reorganize our operations and staff and merge or consolidate? There is state legislation that says we should merge (RCW 36.47.070) and the leaders of WSAC said they wanted to engage our Board on the topic. After several meetings, the issue was brought to a head during a special meeting of the Board of Trustees on May 16th at the Sea Tac Red Lion Hotel. We listened to WSAC President John Koster (Snohomish) and WSAC Executive Director Eric Johnson explain their thoughts on a new structure of county officials as a “federation” of commissioners and WACO affiliates that would with organization, allocation of finances and funding decisions

be shared equally by the now eight groups. The Board of Trustees listened, collected information and then discussed the future of WACO, as well as problems with relationships with WSAC.

The Board of Trustees examined a 1991 study on this subject, and decided that it was still valid even in these economic times. The Board examined the differences between the administrative activities of the WACO affiliates and found that to be quite distinctive from the legislative activities that dominate the WSAC. The Board of WACO decided not to merge with WSAC. But, it did recognize the need to improve communications at the building in Olympia, and when talking to our representatives, in the legislature and in our courthouse. As Sheriff Ken Bancroft said “we need to be on the same frequency.”

The Board of Trustees decided to continue with the search for our next executive director, which, in turn, has led to internal reorganization. In reviewing the 1991 Study we observed that some recommendations made at that time had not been implemented. In recognition of the need for an opportunity to make improvements in communications with WSAC, the Board of Trustees resolved to make the following changes:

- Hold the 2014 Conference as a Joint Conference with WSAC;
- Revise billing procedures so that one bill is submitted to counties for WSAC and WACO expenses;
- Invite WSAC representatives to our annual conference beginning in 2011 and for a WACO representative to attend the WSAC conference;
- Coordinate better with WSAC on legislation.

The Arthur West Court Case

The Court of Appeals issued a decision in early June which holds that WACO is subject to the Open Public Meetings Act (OPMA). The decision is good reading for all because it discusses the formation of WACO in 1959 and discusses the statutes that recognize our responsibilities to coordinate administrative activities.

They said, “We hold that because public officials perform WACO activities financed by public money with an express legislative mandate to act as a coordinating agency for the activities of Washington’s 39 counties, such activities are subject to the OPMA”.

The OPMA is familiar to most of us, although it is not used as frequently as commissioners because the administrative officers are not a “governing body.” The Board of Trustees took no action to appeal the ruling and the ruling is now final. Since the ruling we have adhered to the OPMA provided notice of our meetings and special meetings and

adjourned to executive session when appropriate. The ruling means we may have uninvited guests attend our meetings in the future...And we will welcome them!

A New Executive Director

Our Executive Director Debbie Wilke (former Lincoln County Clerk) retired effective June 30, 2011, although her last day at the office was May 27, 2011. The search for a new director was led by President-Elect Corky Mattingly (Yakima Auditor). Among the candidates were a member of WACO, a former senior deputy of a WACO member, and a former legislator. James McMahan was selected by the Board and promoted from deputy director to executive director effective July 1.

The search process was fascinating because of the great energy and interest that was shared. The Board of Trustees worked well as a group to talk about the future of WACO and how WACO would be most successful in accomplishing the vision that we share. I learned there is a good identity of WACO as an organization and passionate commitment to the need to coordinate activities of county elected officials.

But, I also learned that the events of the year – the funding challenges and the requests for merger with WSAC - brought out candid discussions about the uncertainties of change and what that might mean for WACO. I learned that there is a need to educate people – especially our colleagues, about what we do and why we do it.

Reorganization of Positions and Termination of Three Staff

The summer board meeting has often been a sleepy event -- a time to catch up, socialize, and listen to state elected officials tell us about the latest, but not this year.

James McMahan proposed and the Board adopted a plan of reorganization that was well thought out from James' time at WACO and refined during his candidacy for the Executive Director position. James brought a simple message that "these changes are needed to serve our members best." James proposed restructuring the way our members are served by restricting job duties. We needed people with the skills to do these jobs and, so the decision was made to terminate all staff and start fresh.

The reorganization was not done in a vacuum. Though the plan was announced soon after James was promoted, it is a plan that had been well thought out over many months. It is not change simply for the sake of change.

I know and recognize that personnel changes are emotional and that some of us have lost friends and people we looked forward to seeing each year at conference and at Olympia. But, I think Tom Fallquist (Spokane Clerk) said it best when he remarked that these emotional feelings are second to the health of WACO, and that is our focus. The WACO you know and love is here. It is you. And, it will not be lost because of the employee changes at the office in Olympia.

Financial Problems

At our July Board meeting, the Board approved hiring an outside accountant to conduct a review of internal financial controls and a private audit of our financial records and procedures. But, even before that audit was undertaken, a quick look at the financial records discovered discrepancies in the checking account at Key Bank and weakness with the internal controls. The state auditor's office was promptly notified following a month-long inquiry and we have made a report to the Olympia Police. The deputy state auditor has requested copies of all checks and all bank records for the past six years. This action provided an opportunity to review and tighten up internal controls and eliminate weaknesses.

Things that I wish had happened this year but didn't. "I wish ...

WACO staff made more courthouse visits." This simply was not possible in a year with so much transition in Olympia. I hope this happens in the next two years, perhaps in coordination with the courthouse visit by WSAC staff. At that time it would be good to identify leads in every courthouse to follow appropriations for WACO and WSAC.

I had attended the NACO conference." With such a close location for the NACO conference it was a great opportunity. I passed it by because of other personal commitments.

The open positions were filled by conference." I am anxious to meet these people and move on with the reorganization at WACO.

There was an Annual Report." We need more tools to communicate what we do. We need an annual report with sections written by each affiliate. Not long, not fancy, and in print, not just by email.

The Board Room in Olympia had equal space available for each affiliate that shares the room to demonstrate what they are doing." Names and photos of affiliate leaders would be a start. Newsy items posted would be nice. Replace old dated photos with the current leaders. This room is shared with the WSAC and WAPA so it is a good place to share what we do.

We had perfected alternative meeting methods.” We need to find ways to use technology for our meetings and communications with members. We have made great progress in some areas. For example, with the help of Terry McLaughlin (Cowlitz Assessor) we conducted several votes of the Board of Trustees using the on-line service of Survey Monkey. In doing this we need to balance the need for efficiency with the loss of camaraderie that occurs with e-communications.

What I look forward to in the next year.

At her last Board meeting on May 16, Deb Wilke admonished the Board of Trustees: “Don’t get involved with WACO, lead WACO.” I want to do the same.

I welcome Carolyn Weikel (Snohomish County Auditor) to the E-Board as Secretary/Treasurer, Rea Colwell (Columbia Prosecutor) as the small county representative, and Julie Anderson (Pierce County Auditor) as the large county representative. I look forward to leadership by President Corky Mattingly and the rest of the Executive Board.

I think that the new board has a better mix of small, medium and large size counties that will benefit how we look at and solve problems. I look forward to working with the new team as Past President knowing full well that the new talent means new skills and a new direction.

Finally, I look forward to running on trails in the Tri-Cities area at next year’s conference.