



# News Release

## WASHTENAW COUNTY PRESENTS "FINANCIAL STATE OF THE COUNTY"

**CONTACT:**

Joanna Bidlack, [bidlackj@ewashtenaw.org](mailto:bidlackj@ewashtenaw.org) (734) 222-6731

**Ann Arbor, Michigan** Citing a projected loss of more than \$1.5 billion in state equalized value of property in Washtenaw County for 2008 and 2009, Washtenaw County Administrator Bob Guenzel projected General Fund deficits of up to 65% over the next four years in a presentation to the Board of Commissioners Ways & Means meeting Wednesday evening.

The projections are set against a dynamic set of ongoing reductions in costs and expenses for the County.

The "[Financial State of the County](#)" drew a similar picture to grim forecasts for local and state governments across the nation. "This is easily the most difficult financial situation that I've seen in my 36 years with Washtenaw County," said Guenzel.

Washtenaw County Commissioners were presented with best case and "worse" case scenarios for the financial state of the County over the next four years, with specific emphasis on the start of a planning process for the 2010/2011 biennial budget.

Guenzel presented the projected best case scenario for 2010/2011 as an imbalance of \$18,787,751 – equating roughly to losing 211 full time employees. The worse case scenario for the County is a deficit of \$28,076,776, equivalent to 318 FTE.

"Please understand that we use these FTE figures to provide a better comprehension of the dollars lost. The loss of positions is by no means a given, they are there to indicate exactly what we hope to avoid," said Guenzel.

The sudden and steep decline in property values which began in the final quarter of 2007 meant a nearly flat or negative growth in property taxes. Property tax makes up the lion's share of the County's General Fund. Since that time the County has amended its 2008 and 2009 budgets with dozens of one-time as well as major long term structural reductions including a hiring freeze, now in its second year; the reassignment of the Library for the Blind and Physically

Disabled to the Ann Arbor District Library and the addition of a millage to help sustain the County's Veteran Services.

The depressed housing market has also had an impact on revenue generation for the County, as transaction fees from the Clerk/Register of Deeds and Building Services and other areas have decreased significantly.

Additionally, Guenzel pointed to what amounts to a "perfect storm" of bad timing for forecasting during this economic swoon. "The State of Michigan's revenue sharing workaround, allowing us to collect taxes in July instead of December, provided a one-time windfall to use as additional revenue for a period of five years. Unfortunately, the timing also means that we don't know, until April of any year, what that year's tax revenue will be – nearly five months after the beginning of our fiscal year," said Guenzel.

The Financial State of the County presentation to the Board of Commissioners is part of a larger planning process, now underway, that included meetings with the County's department heads, managers and supervisors; upcoming "Town Halls" with Board leadership and County Administration meeting with employees starting in March; Board of Commissioner policy discussion on major issues at upcoming Board Working Sessions in March and April, among other engagement efforts.

The County has also sought answers to these very difficult challenges by reaching out to other jurisdictions throughout the country, in search of best practices. The Alliance for Innovation, based in Phoenix, Arizona has chosen Washtenaw County as one of just 12 local governments that will be sharing data and outcomes in a case study on weathering this economic crisis. The Alliance has created a "[Fiscal Crisis Wiki](#)" for local governments that shares research on previous downturns and what is known about how organizations achieve excellence amid such adversity.

Though the numbers are daunting, Guenzel says he feels ready for this challenge. "For fifteen years this organization has set a goal to be a "world class" public service organization with a culture of continuous improvement. Though these projections promise to test us as never before, I have to say that I believe we have the people and the ideas that will see us through. We know that as we are tested, so are the individuals and families in Washtenaw County who rely on our services. We remain committed to find a way to continue to provide those services."

###