

2014
2015
2016
2017

Washtenaw County 2014 - 2017 Budget Instruction Manual & Toolkit

Information to assist Elected Officials and Department Heads in the development of the 2014 - 2017 Administrator's Recommended Budget

March 25, 2013
Washtenaw County Government





COUNTY ADMINISTRATOR

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MEMORANDUM

March 25, 2013

TO: Elected Officials and Department Heads

FROM: Verna McDaniel, County Administrator

RE: 2014-2017 Budget Instruction Manual & Toolkit

I have been in public service for 38 years, 31 of which have been with Washtenaw County. I have been involved in the County's budget planning process since the beginning of my tenure at Washtenaw County, and am proud to be leading the development of Washtenaw County's first four-year budget. The new normal of our economy has forced Washtenaw County to re-think how we conduct business. Reduced property tax revenues, changes in State funding levels and increased demands on services caused significant and painful decisions to be made in our 2010/11 and our 2012/13 budgets. Through honest communication and hard work with our partnering departments and elected officials, we were able to reduce expenses while maintaining serviceability levels. While these challenging times remain uncertain, economic indicators are hinting that a gradual recovery may be on the horizon.

The time is right then, to focus on the long term view for our financial future. As stewards of Washtenaw County, we are all responsible for its fiscal stability and helping to leave a strong legacy for future generations of citizens and employees alike. This year, like the last several years, is filled with significant economic difficulties as the public need and demand for services continue to increase and resources continue to shrink – albeit at a slower rate. This community needs us now more than ever before. So it's important to me to build a budget that allows us to provide the best services, **the right services**, in the most cost effective manner possible. This budget is critical to ensuring we make the best decisions for our community in this great time of need. We can be successful, but only if we work together.

As we all know by now, we still have a challenge this year to identify structural solutions that are effective in 2014 and 2015 in the amount of \$6.88M that will provide a balanced budget through 2017. And this projection is still very preliminary as we are awaiting our 2013 Equalization report and beginning to understand the implications of policy changes recently made by the State of Michigan. I don't have all the answers. I need each and every one of you to engage in this process, share your ideas, be informed and get in the 'know'. It is my responsibility as County Administrator

to bring a recommended budget to the Board of Commissioners, and I take this responsibility very seriously. However this can only be successful in partnership with each and every one of you.

I hope these materials as well as all of the updated budget web pages are informative, help you better understand our economic situation and help guide you through this process. This manual, or "toolkit", is drafted with the desire to provide simplicity and predictability in the budget development process. It outlines the calendar we will be following, provides meeting agendas and an overview of materials where available at this time. It sets expectations for how your budget will be structured and how decisions will be made.

Please take time to thoroughly review this document and let us know if you have any additional questions or needs. The county is a very diverse organization in many respects and it will be difficult to address everyone's needs through one document. I remain very committed to open and honest communication at every step of our process. Additional information will be available on eCentral and eWashtenaw at every step of the way, but my door and that of everyone in Administration and Finance will remain open to do everything we can to meet your needs.

Thank you for staying informed and for your continued commitment to serving the citizens of this great community.

Sincerely,

A handwritten signature in black ink that reads "Verna J. McDaniel". The signature is written in a cursive style with a large, looping initial "V".

Verna J. McDaniel, Washtenaw County Administrator

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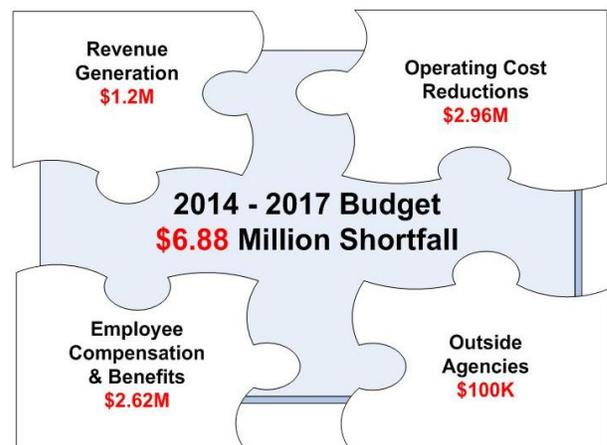
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OVERVIEW OF FINANCIAL SITUATION

- Long-term structural deficit predominately due to property tax decline, loss of state revenues, reduced fines, fees & service charges revenue and personnel cost growth
- \$24.6 million deficit as preliminary estimate, but will update in May after equalization report and better understanding of impact of the governor’s reinventing Michigan agenda and state legislatures’ reform actions
- Additional information on eWashtenaw / eCentral: See webcast of Preliminary Financial State of County presentation given to BOC in January, Executive Summary of Preliminary Financial State of County, outline of major budget assumptions, and evolving information from the State of Michigan

APPROACHES FOR BALANCING THE BUDGET DEFICIT

- We must be conservative in projections and realistic in solutions to strive for fiscal stability during 2014 - 2017 without the need to do further mid-year budget reductions
- Seeking long-term structural solutions to assist us in getting ahead of the deficit so we do not need to keep cutting each budget cycle
- Maximizing collaboration opportunities where possible
- Look at serviceability levels
- Reduce the cost of doing business and become as efficient as possible
- Define our core services – determine what services we can no longer afford to do
- Obtaining \$6.88M in structural reductions (\$4.0M in 2014 and an additional \$2.88M in 2015) carried forward through 2017 would eliminate the projected deficit
- Four “puzzle pieces” – Revenue Generation, Operating Cost Reductions, Outside Agencies, and Employee Compensation & Benefits



ROLES, RESPONSIBILITIES & EXPECTATIONS

- **Board of Commissioners:** Define future impacts and investments, and provide direction to Administration
 - Determine desired community outcomes and services the county should provide
 - Engage with community to gain their understanding and input
 - Review and modify Administrator's Recommended Budget to ensure alignment with Board priorities

- **County Administration:** Lead and support organization in the development of recommended budget
 - Provide simplicity and predictability in the process to the extent possible
 - Communicate and engage with all levels of the organization to gain their understanding and input
 - Reviewing and modify budget proposals made by Department Heads and Elected Officials to develop the most strategic recommended budget in alignment with desired future impacts and investments
 - Explain why decisions have been made and the anticipated impact of these decisions

- **Elected Officials & Department Heads:** Fully engage in process
 - Generate ideas for operational and financial changes
 - Outline financial, organization and community impact of potential changes
 - Engage staff to ensure they understand the problem, have an avenue for being part of solution generation, and understand how decisions will impact them and department operations
 - Meet deadlines for all assignments

- **Employees:** Stay informed and in the "know"
 - Ask questions for clarification and complete understanding
 - Offer suggestions to management

COMMUNICATION & ENGAGEMENT STRATEGIES

Effective communication plays a vital role in the creation of a culture where success is the inevitable outcome. Communicating is one of the most important things we do in our work; yet good communication is often a casualty during difficult times.

This year's planning process is filled with opportunities to stay informed and to be engaged. We are committed to keeping both eCentral and eWashtenaw updated every step along the way. Communication and engagement is a two way street. We will provide various opportunities but it is up to you to take advantage of this information and engagement sessions. Whether you plan to attend a Town Hall meeting, a Brown Bag Lunch Discussion, read the eCentral articles or the Administrator's newsletter – ***please be informed, get in the "Know" and share your feedback! Be engaged!***

Learn more about these opportunities by reading below and clicking on the web links for additional information:

- ❖ [eCentral Budget Site](#) – This site will house all necessary information to understand and navigate through the budget development process; it will include calendars for internal meetings and the timeline for taking materials and recommendations to the Board of Commissioners; updates to our budget projections, meeting agendas, materials and status reports on how we are doing to close the budget gap will be updated regularly.
- ❖ [eWashtenaw Budget Site](#) – This site will closely monitor the eCentral site to provide the public with all key information regarding our budget deficit and efforts being taken to develop our 2014 - 2017 budgets, but without some of the internal budget processing information.
- ❖ [2013 Town Hall You Tube Video \(Coming Soon\)](#) – County Administrator Verna McDaniel will brief employees on our current financial situation, as it relates to the Updated Financial State of the County presentation. A brief educational financial overview for the county will be provided with realities, impacts, prospects and solutions identified. Employee questions and comments may be posted online for response and follow up. Department's seeking more specific information may invite County Administrator Verna McDaniel and Yusef Rabhi, Chair, Board of Commissioners to attend departmental staff meetings.
- ❖ [Administrator's Archived Newsletters](#) – County Administrator Verna McDaniel remains committed to updating the organization and the public on a monthly basis about the budget and all of the happenings around the county. These newsletters are great tools to stay informed.
- ❖ [Budget Process Calendar](#) – This calendar documents all major milestones for our strategic planning and budget development efforts that will take place during 2013 for the final adoption of the 2014 - 2017 budget; this calendar has been adopted by the Board of Commissioners and is contained in this manual/toolkit and is available on the web for all of us to continue to reference throughout the year.
- ❖ [2013 Board of Commissioners Calendar](#) – This calendar establishes specific agenda items for the Board of Commissioner meetings as related to the budget development process; all webcasts, presentations and materials for meetings that have occurred will be archived here for each reference.

- ❖ **Cost Allocation Plan (CAP) Information/Educational Session** – Join Ron Wlock of Maximus, Inc. and Support Services staff from Finance, Human Resources and Infrastructure Management for an informative CAP overview. Information presented will include: the certified methodology, allocation basis, data sources and calculations used to develop the CAP. This County-wide education session will also include an interactive question and answer forum.

The County Administrator shall submit a Multi-Year Recommended Budget on September 4, 2013, with Ways & Means Committee review commencing September 18 through November 6, 2013 unless determined by the committee that adoption can occur sooner than this timeframe and with final adoption by the Board of Commissioners scheduled for November 20, 2013.

The budget office shall compute salaries and fringe benefits for all approved active positions within the county taking into consideration anticipated salary and fringe rate adjustments, estimated savings from updated labor contracts and a turnover reduction factor where determined reasonable.

The budget office shall meet with departments and elected offices and jointly recommend multi-year departmental allocations for current service levels to Administration taking into consideration a 5 year line item history of expenditures, review of all contracts, permanent and temporary staffing allocations, and infrastructure needs to ensure only critical allocations are included in future budget allocations.

Department Heads and Elected Officials are directed to review all programs for continuing relevance and priority as a County service, and discuss the possibility to delete or modify programs where possible with the County Administrator.

Infrastructure allocations will be critically evaluated for cost savings on operating costs and the long-term financial impact of deferring any repair/enhancement.

All vacant positions will be critically evaluated for their necessity in meeting BOC priorities and maintaining minimum service levels.

Throughout the budget discussions by the Ways & Means Committee, any addition, deletion or modification proposed by a Commissioner must be supported by a majority of the Ways & Means Committee membership in order for it to be incorporated into the budget process and/or for staff to conduct lengthy analysis.

Throughout the budget deliberations by the Ways & Means Committee, any proposed increase in funding allocation must also include a proposed funding source for consideration if such action is approved. The funding source must first be adopted by majority vote of the committee.

The Board recognizes that these Budget Guidelines for 2013 are part of a continuous improvement budget process and will continue until the time that new guidelines are established and adopted by the Board.

BUDGET PROCESS CALENDAR

Major Milestone	2013 Dates
<u>Kick Off</u>	
Preliminary Financial State of the County Presentation to BOC	January
BOC Adoption of Calendar & Guidelines	January
BOC and Administration Define Roles & Responsibilities	January
Distribution of Instruction Manual "Toolkit" for Organization	March - April
<u>Organizational Planning</u>	
BOC Planning Retreat on Future Impacts & Investments	February - March
Organization to update Business Plans	March – May
<u>Budget Development</u>	
Budget Preparation with Finance and Organization	March – April
2013 Equalization Report	April
BOC Leadership Budget Development Update	May
Revised Financial State of the County Presentation to BOC	May
Meetings with Administration, Finance and Organization to Review Business Plans, Budget Preparation Materials & Define Budget Targets	May – June
BOC Leadership Budget Development Update	June
Development of Administrator's Recommended Budget	July – August
BOC Leadership Budget Development Update	August
BOC Preliminary Budget Review Sessions	August
<u>BOC Review & Adoption of Budget</u>	
Presentation of Administrator's Recommended Budget	September
Ways & Means Deliberation on Budget	September – October
Public Hearing on Budget	October
Adoption of Budget	November

BUDGET PROCESS CALENDAR

Focus Areas for Elected Officials & Department Heads

Month	Recommended Focus Areas
January – February	<ul style="list-style-type: none">• Mandated / Discretionary Services (provided to BOC Nov. 7, 2012)• Review & understanding of Preliminary Financial State of County• Review of BOC Retreat of Future Investments Discussions
March	<ul style="list-style-type: none">• Participation in Group 180• Review Budget Instruction Manual• Begin working with Budget Office on business plan, line item budget preparation and metrics/performance measures• Overview of Labor Relations at a BOC Working Session
April	<ul style="list-style-type: none">• Review of 2013 Equalization Report• Work with budget staff to finalize business plans and line item budget joint recommendation in preparation for meetings with Administration• Begin development of potential budget solutions
May	<ul style="list-style-type: none">• Review & understanding of Revised Financial State of County• Staff to view Town Hall You Tube Video• Departments may Invite County Administrator and Chair of the Board of Commissioners to departmental staff meetings• Meet with Administration to Review Business Plan & Line Item Budget Solutions
June – August	<ul style="list-style-type: none">• Provide further information and opinions on budget options as requested• Ask questions regarding budget decisions as they are communicated• Update business plans for service changes as required based on recommended budget
September - December	<ul style="list-style-type: none">• Review, Understand and Provide Support for Recommended Budget• Monitor BOC Budget Deliberations• Update business plans based on adopted budget

OVERVIEW OF MAJOR CHANGES FROM PAST PROCESSES

- BOC will define future impacts and investments prior to budget development. It will be our responsibility to ensure decisions are in alignment with the Board defined future impact and investment priorities.
- Administration has relied on long term budgeting and planning with detailed line-item budget balanced through fiscal year 2013, projected budgets through fiscal year 2015, fund balance projected several years into the future and budget development for the next cycle will extend projected budgets through fiscal year 2017. As a result of our focus on the long term view for our financial future the Administrator's recommended budget will extend beyond a biennial budget and propose the county's first quadrennial multi-year budget.
- Updated our resources section of the business plan to include a multi-year history of positions and recommended quadrennial budgets for 2014/2015/2016/2017 to display department summaries in alignment with our focus on the long term view of our financial future.
- Continue enhanced base budget development
 - No assumed carry forward of prior year line-item budget
 - Thorough review of all past and current expenses to determine future need
 - Outline and document all assumptions used to prepare budgets
 - Asking departments to work with Business Analyst prior to base budget meetings to bring requested line item budget highlighting areas able to reduce
- Administration will review the necessary use of Part-time Temporary staff and Overtime as part of the base budget development. All associated fringe benefits need to be included in the part-time temporary and overtime line item budgets.
- Continue to no longer waive or freeze Cost Allocation Plan to ensure consistency, fairness and equity between all parts of the organization. It will be fully allocated to all departments and collected where obtainable under program guidelines with discussions about structure between funding sources occurring during base budget meetings.
- Administration will work with each department to establish target budget reductions. These will not be across the board reductions. The amounts for each department will be based on many factors including levels of past reductions, past board approved reductions that have not materialized in savings, alignment with BOC priorities and desired future impact and investments, serviceability requirements, and collaboration opportunities. Department Heads and Elected Officials will have a responsibility for bringing proposals to administration on how these targets can be achieved within the desired outcomes.
- Outside agency budget process will be reviewed internally in conjunction with coordinated funding administered by the Office of Community & Economic Development.

BOARD OF COMMISSIONERS STRATEGIC PLANNING EFFORTS

The Board of Commissioners is in the process of defining future impacts and investment priorities to provide direction on the desirable impact areas for our community. The priority areas to be discussed and defined include (listed in alphabetical order):

- ❖ Economic Development
- ❖ Environmental Impact & Mobility in Washtenaw County
- ❖ Human Services/Safety Net
- ❖ Labor Force Sustainability/Internal Equity
- ❖ Long-Term Fiscal Stability
- ❖ Mandated Service Provisions/Resources

Given the significant changes within the county's budget, since 2008, as well as the increasing needs of the community, the Board of Commissioners started retreating in early March to discuss community investment and impact areas. Board of Commissioner will continue to retreat during the month of April. Board priorities and interests will be communicated upon adoption.

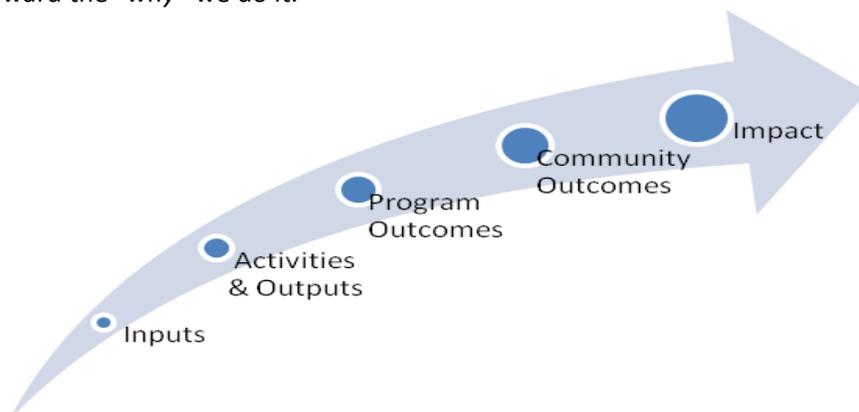
The results of these discussions will be critical for County Administration and the organization. The priorities and direction provided by the commissioners will help determine the direction for the organization and what services are retained long-term. If the budget process is successful, the Administrator's Recommended Budget will demonstrate to the commissioners how the budget will achieve their desired future impacts and investment priorities for the next four years.

Look for additional information regarding Board of Commissioner developments in the Administrator's Newsletters, within the local media on annarbor.com and annarborchronicle.com, and through the board agenda website and meetings.

INVESTING FOR COMMUNITY IMPACT: AN INTRODUCTION

Identifying and working toward community impact can move Washtenaw County Government toward a policy-making and resource allocation paradigm that focuses on – and measures – improved quality of life in Washtenaw County.

Identifying and committing to change one or more community conditions or populations means moving beyond understanding how much money we spend and how many units we deliver. It means understanding and committing to what differences those investments and services make for Washtenaw County residents. It moves discussion beyond the “*what*” county government does toward the “*why*” we do it.



Impacting a change in a community condition or population will involve deploying and coordinating multiple strategies, all focused on the same outcome. Impacting community change cannot be accomplished by Washtenaw County Government alone, but county government can play a number of significant roles from catalyst, to facilitator and convener, to investor. By their very nature, community outcomes and change efforts require multiple partners, each contributing to the change in community condition or population. In order to be effective, these partners need a *common agenda, shared measurements, mutually reinforcing activities, continuous communication, and adequate infrastructure to support shared efforts.*

Over the next four years the County will focus on how its investments impact the community. During 2014 County Administration will develop a process that will focus on community impact. The exact framework is still to be developed, but will include the following elements: an inventory of potential impacts and strategies, defining the role of county departments and the partners we work with, and identifying milestones and measurements within defined Board of Commissioner priorities and interests. More information regarding this initiative will be shared during the first half of 2014.

2014 - 2017 BUSINESS PLAN DEVELOPMENT

The county began publishing business plans in the late 1990s. There are many reasons why these documents are so important; both internally to our organization and to the citizens we serve. First and foremost, these documents outline the services being performed with public tax dollars. The documents state desired outcomes, provide service provision information, and the manner in which success will be measured. These documents should align with the Board of Commissioners defined future impact and investment priorities and state how the individual services will help achieve these broader community outcomes.

In addition, these documents are reviewed heavily by outside organizations including bond rating agencies and the Government Finance Officers Association (GFOA) to understand how we are responding to changes in the economic climate and community needs. To obtain the GFOA Distinguished Budget Presentation Award, the county's budget document must:

- Describe activities, services or functions carried out by organizational units
- Include clearly stated goals and objectives of organizational units
- Provide performance data for individual departments and stated goals and objectives that focus on results and accomplishments

The current format of the business plans were revised during the 2012/13 business planning and budget development process to provide increased flexibility in describing services and desired community outcomes, allow for a "dashboard" framework for tracking our success, and formatting flexibility to meet departmental needs. The "our resources" section of the business plan has been updated to include a multi-year history of positions and recommended quadrennial budgets for 2014/2015/2016/2017 to align them with our focus on the long term view of our financial future by extending the multi-year budget out an additional two years.

This will provide a great opportunity for each department and elected office to spend time ensuring the information contained is still relevant, highlights the key issues given the current economic situation, and documents how the services provided will impact our community.

Major elements of the business plans include:

- ❖ Department Mission and Vision
- ❖ What We Do: Service name, description and whether or not it is mandated
- ❖ Who We Serve: List of who is benefiting from the service delivery
- ❖ 2012/13 Accomplishments
- ❖ Who We Work With: List of major collaborations to deliver the service
- ❖ 2014 - 2017 Modifications: Goals, enhancements, service level changes
- ❖ By the Numbers: How We Measure Our Success and the Resources (Dollars & FTE) Assigned to the Department

County Administration and the Budget Office will provide each department with a draft business plan. ***It is the responsibility of each Department Head or Elected Official to work with their Business Analysts to complete their Business Plan in time for their Budget Meetings with Administration in May.***

Given the nature of the economic situation, and the anticipated service level modifications that will result from budget reductions, it is very clear that any business plan completed early in the year will evolve as budget decisions are made. These documents will serve as a foundation for the budget discussions to understand how budget decisions will impact our ability to carry out county operations. Final business plans based on the final adopted budget will highlight those remaining services, with any significant service impact being reflected under the 2014 - 2017 modifications.

Please work with your [Business Analyst](#) with any questions or concerns regarding the completion of your business plans.

2014 - 2017 BUDGET PREPARATION DEVELOPMENT

The county has relied on long term budgeting and planning for several years. Multi-year budgeting anticipates and plans for financial challenges in advance and provides for a stable operating environment for programs to citizens. Under an expanded multi-year budget framework the county will retain financial strength and maintain essential services. Overall greater stability is provided for the organization with the potential for longer labor agreement periods, longer range planning allows for county leadership to focus on policy, strategic planning initiatives and overall direction, and a longer term focus may result in a higher bond rating. An effective long term plan requires leadership, teamwork and a continuum of tools. A budget must have meaningful analysis and realistic budgetary data which the organization accepts and acts upon, leaders who possess the political will to make the tough decisions and an organization culture committed to change and with a focus on identifying opportunities for restructuring, reengineering and reducing.

Beginning in March of this year, each Department will meet with the Budget Office to review their line item budgets and develop proposals for 2014 - 2017 to submit to Administration.

During this time, proposed adjustments to the budget will be discussed based on current operating levels. This will be different than in prior years without the assumption of the current line item budget being the starting point for 2014 - 2017. Instead, each line item will be subject to a thorough review for current relevance and need. The Budget Office will be working on behalf of Administration and as a consultant to each department to review historical data and perform analysis that will assist in the development of proposed budget modifications. A joint line item budget recommendation including proposed budget adjustments will be drawn up and submitted to County Administration as part of the Budget Target Setting Meetings being scheduled in May.

In preparation for this thorough budget review, the Business Analyst will send each Department Head a "2014 - 2017 Budget Preparation Packet" which will contain everything needed for these discussions. The packets will include the following information:

- History of budget reductions and additions, including the 2012/13 Budget Memos from Administration that outlined the agreed upon and BOC approved reductions
- 5 year history of expenditures by line item
- 2014 - 2017 Budget Allocation Report including 2012 Actual line item data and 2013 Budget
- 2014 Preliminary Salary Projections with salary & fringe benefit assumptions
- Temporary staff listing
- Contracts list
- Technology inventory list
- IT maintenance contracts for department specific software
- Fleet assignments
- Cost allocation plan

Below is an outline of each major element and the expectations for discussion and analysis.

History of Budget Reductions and Additions

The budget office has been tracking the major modifications to each department budget for the past six years. It is important the department understands and agrees with this historical analysis. These will serve as a reference for determining current operating needs, and for establishing target budget reductions.

5 Year History of Expenditures by Line Item

This report will provide the past five years of expenditures with the current 2013 Budgets at a line item level for each business unit under the department's accountability. Discussions about major historical variances will occur to understand the budget levels needed for the future.

2014 - 2017 Budget Allocation Report by Line Item

This report will provide the 2012 year end actual, the 2013 current budget, with blank spaces for 2014 -2017 base budgets. This report can be used as a worksheet for the department to develop their requested budget, and to take notes on the proposed modifications.

Position Control Report

These reports verify the approved positions (both filled and vacant) by business unit within your organization. Salary projections will be provided at a later date with salary and fringe benefit

projections at individual position level. The assumptions used in the salary projections will be clearly documented. All vacant positions will be discussed to determine the relevant need of these positions moving forward. The salary projections will also include any remaining hold vacant positions for discussion about the ability to permanently eliminate the positions.

Temporary Staff Listing

In addition to reviewing county permanent employees, a report on current temporary staffing allocations will be provided with current hourly rates and associated fringe benefits. The necessary staffing levels will be discussed and agreed upon as part of the base budget.

Contract Listing

A list of current contracts for each department business unit will be provided, including the vendor and dollar amount. It will be necessary to explain why the contract is deemed critical, and discuss opportunities to renegotiate contract amounts.

Technology Infrastructure Inventory List

A list of all current technology allocations will be provided. A discussion about needed adjustments to the infrastructure allocations will be incorporated into the base budget meetings.

IT Maintenance Contracts List

A list of any department specific software maintenance contracts will be included to discuss the continued need and level of support.

Fleet Assignments

A list of all current fleet assignments, with estimated costs and replacement timeline will be included to determine fleet lease, maintenance and fuel budgets.

Cost Allocation Plan (CAP)

A report will be provided outlining the current CAP assumptions for each department. Beginning with the 2012 budget, the county no longer waived or froze the Cost Allocation Plan amounts to ensure consistency and fairness between all county departments. CAP will continue to be fully allocated to all departments and collected where obtainable under program guidelines with discussions about structure between funding sources taking place as part of base budget meetings. The final 2012 CAP to be used in the 2014 budget will not be available until mid summer. The budget for this line item will be updated at that time.

2014 - 2017 BUDGET TARGET SETTING MEETINGS WITH ADMINISTRATION

Administration is striving to continue to make the budget process as clear and simple as possible for the organization. One attempt to achieve this is through the publication of clear budget reduction targets. The Administrator declared four target areas in the Preliminary Financial State of the County:

- Revenue Generation - \$1.2M
- Operating Cost Reductions - \$2.96M
- Outside Agencies - \$100K
- Employee Compensation & Benefits - \$2.62M

A target of \$6.88M has been established to reduce the structural deficit for 2014 - 2017 multi-year quadrennial budget. If \$4.0M in structural reductions are obtained and successfully met in 2014, carried forward each year thereafter, and an additional \$2.88M in reductions are obtained and successfully met in 2015 and carried forward through 2017, the multi-year quadrennial budget would be balanced. These targets may need to be adjusted in May once the Financial State of the County is updated to reflect the 2013 Equalization Report and any changes in state revenues. To meet these organizational targets, the Administrator will declare specific budget target amounts for each individual department. Department targets will be based on the following factors:

- levels of past budget reductions as approved by the Board, including those that have not materialized in savings
- alignment with BOC future impact and investment priorities and desired community impact
- serviceability requirements
- collaboration opportunities
- potential to eliminate programs

These will not be across the board reductions. The Administrator will ensure equity in the process, but funding allocations will vary department by department based on those factors outlined above. However, ***Department Heads and Elected Officials will have a responsibility for bring proposals to administration on how these targets can be achieved within the desired outcomes.*** Any savings realized from the budget preparation work completed with the Budget Office, and agreed to by Administration, will count towards these department targets.

Meetings will take place beginning in May for each department following the completion of the business plans and budget preparation work. The agenda for these meetings will include:

AGENDA FOR BUDGET TARGET SETTING MEETINGS WITH ADMINISTRATION

1. Review department submissions on business plans and proposed line item budgets
2. Review the history of past board approved reductions and discuss any reductions that did not materialize in savings
3. Discuss options for further department changes including reorganizations, collaborations and service level changes
4. Discuss how options will impact business plan and ability to meet desired BOC priorities
5. Determine budget reduction target amount
6. Establish next steps and timeline

CAPITAL BUDGET DEVELOPMENT

Discussions about infrastructure needs will be included in the base budget discussions that are occurring during April and May. Replacement of existing equipment will be considered operational in nature and will be performed as determined necessary. Enhancements or significant modifications in infrastructure allocations will be considered strategic requests that need to be submitted through the [Infrastructure Resource Allocation \(IRA\) form](#).

All infrastructure requests need to be submitted no later than May 31, 2013.

These will then be reviewed based on set criteria for meeting community and organizational need within our fiscal constraints. The Support Services Leadership Team will make recommendations to the County Administrator on what infrastructure requests should be granted. A complete project listing will be included in the Administrator’s Recommended Budget to be submitted to the Board in September 2013.

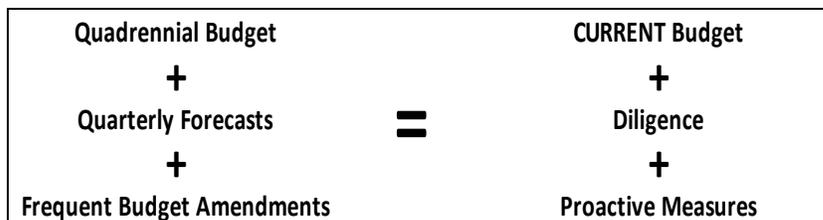
It is important to remember that infrastructure remains a vital component of reaching guiding principle #4 “Equipping employees with the necessary tools, knowledge and skills” to carry out county services. However, given our solid infrastructure foundation and the economic constraints we have, all infrastructure requests will be viewed very carefully for necessity at this point in time. Investments in infrastructure will be predominately considered for approval where there is a corresponding long-term structural operating budget reduction.

2014 - 2017 BUDGET MONITORING AND MODIFICATION

Restructuring budget practices are necessary as the county shifts to an expanded multi-year budget framework. Multi-year budgeting provides for a clearer understanding of the short term and long term budget targets and requires frequent monitoring, progress reports and corrective action as needed. This section outlines the approach to monitoring, amending and updating the quadrennial multi-year budgets.

Budgets will continue to be monitored at the department level monthly with budget updates presented to the Board of Commissioners quarterly and semi-annual business meetings will continue to be held with each department. The timing of the semi-annual departmental meetings ensures collaboration and agreement on the assumptions used in projections and updates to the Board of Commissioners.

Under current policy budget adjustments exceeding 10% or that are greater than \$100K require Board of Commissioner authorization. The County Administrator is authorized to approve and execute budget adjustments in an amount not to exceed 10% or up to \$100K, whichever is less, with the exception of Unearmarked Reserve and the Board of Commissioners’ budget. Departments are authorized to make budget transfers within categories of up to \$10K. These adjustments are only allowed typically between the operating budget categories, which includes Supplies and Others Services & Charges.



A multi-year quadrennial budget should be CURRENT with timely and frequent budget amendments. Any budget adjustments made to the current year should also be made to the subsequent years' budgets for all adopted years. The county will provide a four year budget view into the future (even if pre-adopted budgets are presented) to always provide a visual of all financial impact decisions for all to be and stay informed.

Upon Board of Commissioner approval of the quadrennial budget for 2014 – 2017, the 2014 Operating Budget will be authorized for fiscal year beginning January 1, 2014. The 2015 – 2017 Budgets will be adopted based on current information and amended each year through an annual reaffirmation process similar to the current approach to reflect the necessary revisions as economic conditions warrant. Necessary changes to the 2015 – 2017 Budgets will be presented to the Board of Commissioners prior to the beginning of each applicable fiscal year for final adoption.

Finally, a Budget Task Force has been established and will be the primary mechanism for how departments interact with Administration and Finance and will meet monthly to cover compliance within the budget framework outlined within this document, resolve operating issues and develop strategic plans to address future issues. This team will evaluate and approve all requests prior to presentation to the Board of Commissioners for authorization, reviewing budgets, costs, and impact to the community and the organization.

ASSISTANCE THROUGHOUT THE BUDGET PROCESS

We have tried to give a complete outline of the process and answer potential questions within this manual. However, additional issues are bound to be raised and this process will be most successful if we continue to work in partnership. The Budget Office will help you with any questions not covered in this manual. You are always welcome to contact County Administration directly, or contact Finance Director Kelly Belknap (222-6711 or belknapk@ewashtenaw.org) and Budget/Financial Reporting Manager Tina Gavalier (222-6733 or gavaliet@ewashtenaw.org) who are here to assist in any way necessary.

[Budget Analysts](#) should be considered your first line of customer service throughout the budget development and have been assigned responsibility for specific departments as follows:

CATHERINE JONES, Business Analyst (222-6739 or jonesca@ewashtenaw.org)

Support Services (Operations)

Information Technology
Facilities Management
Finance / Budget
Human Resources
Administration / Board of Commissioners
Corporation Counsel / Risk Management

Public Safety & Justice

Prosecuting Attorney
Sheriff

Grant Funded & Revenue Reimbursements

Head Start

JASON BROOKS, Business Analyst (222-3778 or brooksj@ewashtenaw.org)

Public Safety & Justice

Circuit Court Probation
District Court
Public Defender
Trial Court

Grant Funded & Revenue Reimbursements

Child Care Fund
Children's Services
Office of Community & Economic
Development

JULIE MORAN, Business Analyst (222-6736 or moranj@ewashtenaw.org)

Civic Infrastructure

Clerk / Register of Deeds
Equalization
Treasurer

Land Use & Environment / Customer Specific Units

County MSU Extension
Parks & Recreation
Veteran Services
Water Resources Commissioner / Public
Works / Solid Waste

Health

Community Support & Treatment Services/Washtenaw County Health Organization
Environmental / Public Health / Building Inspection
Washtenaw Health Plan