



Administrator's Message

Verna McDaniel

GREETINGS EVERYONE. February Already! I can't believe January 2011 has come and gone - especially when I am still dating documents "2010." January in Washtenaw County has been cold and snowy, but it has also been exciting.

Most of the month was centered on sharing the Preliminary Financial State of the County. And I have to say that the news of our \$20 million dollar budget problem wasn't shocking to most people. Indeed, the majority of folks were ready to move right into strategizing and finding solutions. The Board immediately scheduled a retreat where they spent an entire Saturday building relationships with their colleagues and setting priorities for budget development. Bill and I have planned several engagement opportunities for the rest of the organization beginning with a series of Town Hall meetings and a Brown Bag Lunch. Bill will host the Brown Bag Lunch informal discussion on today's economy: The new State government, macro trends, key drivers, budget basics, and impacts at our County level. Whether you plan to attend a Town Hall meeting, a Brown Bag Lunch Discussion, read the eCentral articles or my newsletter – ***be informed, get in the "Know" and share your feedback! My point is be engaged!***

Getting your feedback is important to us, so I'm looking forward to seeing you at the upcoming events.



News from the ——— — Administrator

Inside This Issue

- 2** Financial State of the County
- 3** Financial State of the County *cont.*
Upcoming Town Hall Meetings
- 4** Board Retreat
COAM Concessions
- 5** New Credit Card Policy
Changes in Facilities
- 6** What Can You Tolerate
A survey for Non-Union Employees



Many of you have heard about the Preliminary Financial State of the County report through either the [January 19th Ways & Means Meeting](#) or the [January Group of 180 meeting](#).

The entire presentation is now [available online](#). The presentation has facts, figures and a lot of information that may be difficult to quickly digest, so I hope you'll take the time to sift through it all and ask questions. It's critically important that you become familiar with the facts as we know them. It's your responsibility to the organization, and to your own self interest to see where we are.

The county's commitment to long-term fiscal stability has been challenged over the past several years due to the economic downturn and the loss of property tax revenue, which makes up the lion's share of our General Fund (GF) budget. We have responded well due, in part, to our solid financial foundation, which includes the retention of AA+ bond ratings and a projected year end surplus for fiscal year 2010, but we are not out of the woods yet.

The Preliminary Financial State of the County has revealed a projected deficit of \$12.9 million for 2012 and \$20.9 million for 2013. These projected deficits equate roughly to losing 131 full time employees in 2012 and losing 207 full time employees in 2013.

There is a great deal of uncertainty, especially relating to how Washtenaw county will be impacted by the State's \$1.8 billion projected deficit, as well as by the continued decline in property tax revenue. It's important that these projections be considered preliminary, as they will continue to evolve as more information becomes available. These forecasts will be updated in May to reflect the early decisions of the new Governor and the latest taxable value data from the 2011 Equalization Report.

It is important to realize that the projections represent the estimated size of the budget deficit, assuming that

all county services remain at their current service levels with existing staff and operating budgets. Projections include cost escalations for expenditures to accurately represent the reality the county will face if no further budget modifications are made. That said, I plan to present my Recommended Balanced Budget to the Board in September 2011.

But even with this uncertain backdrop, there are many areas in which we can be **very** confident. Washtenaw County as an organization has faced many fiscal challenges in the past, and we have learned so much with each encounter. Take, for example, the near crisis mode for County finances in the mid-90s. Out of that came the County's Guiding Principles. Those Principles have helped get us through the past decade of fiscal ups and downs and even more importantly, they have allowed this organization to grow stronger together and create the framework for much greater community impact.

In addition to our Guiding Principles, we made a commitment to the County's Business Improvement Process which identified ways to achieve more for our citizens while reducing the cost of doing business. This process changed the very culture of this organization to one of continuous improvement, a commitment that continues to guide us even in the face of our adversities.

In recent years, the Board of Commissioners has made hard decisions to structurally reduce the budget. Our long term strategic decisions have resulted in the County's bond rating being raised twice, along with the doubling of our reserves. All the while, this organization has continued to provide improved services in a more customer focused way. The reality is that local governments in the State of Michigan cannot continue along the same path as they have in the past. We must **change the way government works** and rethink how we do business.

We need to be open to change, to transform our services so that we are providing the best services, **the right services**, in the most cost effective manner possible. This will mean looking at root causes of



Financial State of the County *continued*

problems and focusing on outcomes. This organization thrives on continuous improvement. It is through our creative strategic thinking and our discussions with all of our partners that this will become possible.

The Preliminary Financial State of the County is part of a larger planning process now underway. This planning process includes meetings with our elected officials and department heads, the upcoming “Town Halls” with Board Leadership and Administration meeting with employees starting in February, and Board of Commissioner policy discussions on major issues at upcoming Board meetings over the next several months among other engagement efforts.

We have created a series of documents to help you better understand the county’s financial situation. I hope you’ll take the time to review them and plug into the engagement opportunities over the next few months. I will continue to keep you updated as new information becomes available.

- [See the webcast](#) of the January 19th Ways & Means meeting by selecting Financial State of the County from the dropdown menu beneath the video box.
- See the [Financial State of the County PowerPoint](#) presentation from the Ways & Means meeting.
- Financial State of the County [Executive Summary](#)
- Financial State of the County [Major Assumptions](#)
- What To Expect Next - [Budget Calendar](#)

On a separate note, the Planning Advisory Team is continuing to meet and have provided a great deal of input and suggestions as we’ve rolled out the Preliminary Financial State of the County. Recently, we added one additional member to the team, Water Resources Commissioner Janis Bobrin. I’m confident that Janis will be a valuable asset to this team and I’m looking forward to working with her.

UPCOMING TOWN HALL MEETINGS



For me, the last several weeks have been extremely important as we’ve begun sharing the Preliminary Financial State of the County. We first shared the news with the Board of Commissioners and County Leadership. Now we are reaching out to the rest of the organization through the highly anticipated 2011 Town Hall meetings. In the past, these meetings have been informational and engaging for me. The meetings have also provided a great forum to hear new ideas from the ones who know best how to serve our community -- our employees. The last round of Town Halls helped to identify budget reductions and build a budget that was unanimously approved by the Board of Commissioners.

The 2011 Town Hall Meetings will be an opportunity for Board Chair Conan Smith, Deputy Administrator Bill Reynolds and I to brief employees on our current financial situation. The meetings will provide a brief educational financial overview for the county, and a series of questions to kickoff the discussion of realities, impacts, prospects and solutions.

The meetings will be “face-to-face” with County’s leadership and its intended to be an open dialogue with employees. Random invitations have been sent out to several hundred employees. If you have not received an invitation, please be sure to register through **PD made EZ**.

CMSG Meeting Thursday, February 10th 8:30 - 10:30 am	Towner II Room 1120
Tuesday, February 15th 9:00 – 10:30 am	LRC Room A
Wednesday, February 16th 3:30 – 5:00 pm	200 North Main Street Lower Level Conf Room
Thursday, February 17th 9:00 – 10:30 am	Towner 2, Room 1120
Tuesday, February 22nd 3:00 – 4:30 pm	14A District Court Jury Selection Room
HEAD START Staff Friday, February 25th 9:00 - 10:30 am	Head Start

The agenda is available [online](#). I hope to see you there.

COMMISSIONER'S RETREAT



The Board of Commissioners gathered for a retreat a few weeks ago. The key desired outcomes for this retreat were developing an understanding of each Commissioner's key interests, establishing Budget Priorities, and getting a grip on

the County's core business. The five-hour retreat for the 11-member board and County leadership, including Deputy Administrator Bill Reynolds, Prosecutor Brian Macke, Sheriff Jerry Clayton, Treasurer Catherine McClary, Trial Court Administrator Dan Dwyer, Finance Director Kelly Belknap and Parks, and Recreation Director Bob Tetens was designed to help them better understand each other and identify desired outcomes for the 2012/2013 budget.

Many of the participants admitted that they were initially skeptical of the retreat and had little hope that the day would be successful. Due to a scheduling conflict, I was unable to attend the retreat, but the feedback I have received from those in attendance has been very positive. Take a look at the articles from the [Chronicle](#) and [Ann Arbor.com](#) for the details. Many of those who attended the meeting said that the most valuable outcome from the day was the strengthening of relationships between commissioners.

Two of the agenda items, Staff and Citizen Engagement, were tabled for the March 1st Working Session. While the Board moved through most of the agenda items, they decided to also table the discussion on the County's core businesses for another retreat. The **Continuation of the Board Retreat** is scheduled for Wednesday, February 9th at 6:00 pm in the Board of Commissioners Public Meeting Room. Again, this is an open meeting, so staff and residents are invited to attend.

Board Chair Conan Smith's extensive planning, excellent facilitation and tremendous leadership were critical in setting the tone and direction of the event. All the participants were open and engaged in the process and were respectful of others, which led to healthy discussions and debates. It's been no secret that this organization needs - **rather, is craving** - guidance from the Board as we begin building the recommended budget for 2012/2013. I couldn't be more delighted with the Board's progress and I'm looking forward to attending the Continuation of the Retreat on the 9th. I hope to see you there.

COAM CONCESSIONS



In a continuation of positive labor news, COAM, Office of the Sheriff and Washtenaw County met on Tuesday, December 14, 2010 with a goal of achieving a structural savings agreement for 2011 and beyond. The following tentative agreement for 2011 – 2015 was reached:

	2011	2012	2013	2014	2015
Wages	0%	0%	1%	1%	0%
	\$81,064	\$178,460	\$228,437	\$278,308	\$372,855
				Total Wage Savings	\$1,139, 124
Premium Sharing			\$50/mo	\$50/mo	\$50/mo
			\$24,000	\$24,000	\$24,000
				Total Premium Sharing Savings	\$72,000
				Total Estimated Savings	\$1,211,124

The estimated savings result from reductions to originally budgeted projections in the area of wages, as well as contributions to premium sharing that will be made by the membership to reduce the medical fund costs.

The most significant part of this agreement is the structural impact for all years. Therefore, by forgoing wage increases for 2011 and 2012, the savings will compound on an annual basis. Additionally, the implementation of premium sharing will have a positive impact on compliance with Health Care Reform.

The tentative agreement was ratified by the COAM membership on Tuesday, January 18, 2011, and approved by the Board of Commissioners on Wednesday, January 19, 2011. Of the 32 members of the bargaining unit, a total of 29 ballots were cast. Two (2) of the ballots cast were deemed invalid. One-hundred percent (100%) of the valid ballots cast were favorable to accept the agreement.

The Board of Commissioners, Administration and the Sheriff are very pleased with the demonstrated willingness of the parties to come together and reach a positive agreement that will provide economic relief to the organization.

NEW CREDIT CARD POLICY



Finance Director Kelly Belknap and Administration have completed a thorough review of recent credit card transactions and found that some items being charged shouldn't be charged based on the current credit card

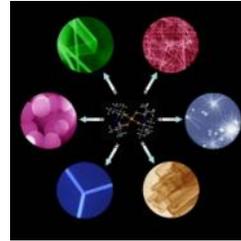
policy. They also found that some departments weren't providing back up documentation for purchases in a timely manner. Therefore, a revised policy will be presented to the Board at the February 16th Ways & Means Committee meeting. Formal adoption will likely take place at the Board meeting on the same night.

Credit cards should primarily be used to make conference and hotel arrangements when traveling on County business, to enroll in educational trainings when available for a specific discipline, and to access technology resources when conventional purchase orders are not effective. Using credit cards has significantly reduced the number of petty cash funds throughout the organization, and has reduced the number of cash advance requests for travel.

The policy has been updated to reflect that the day to day oversight of credit card issuance, accounting, monitoring, and general compliance oversight is assigned to the Finance Director. Each individual Department is responsible for managing all County credit card accounts held by their staff. Including ensuring that all purchase documentation (receipts) are provided to the Finance Department within 15 days of the account statement. This allows for the payment of the credit card invoice in full by the Finance Department in a timely manner so that no late charges or other fees are incurred.

Along with the revised policy, Belknap has made some changes to the credit card procedures. She will engage all Department Heads and Elected Officials in a 20 day review beginning later this month. Please take the time to review the new policy and procedures and address any questions or concerns directly to [Kelly Belknap](#).

CHANGES IN FACILITIES



Administration has been working closely with Facilities Manager Dave Shirley to identify opportunities to enhance service through some organizational changes within Facilities Management (FM). There are currently three vacant positions

in FM which are budgeted for 2011. With these vacancies FM is operating at 70% below the industry standard for maintenance staff per square foot of infrastructure. I think it's important to let you know that you may encounter some delays receiving service for non-critical maintenance requests in the next few months, so thank you in advance for your patience.

These vacancies are critical positions needed to ensure consistency of service; quality performance and safeguarding the county's infrastructure minimizing system failures and building closures. Basic building operations are dependent upon completion of planned maintenance tasks that are now delayed due to these vacancies; therefore Bill Reynolds has approved the posting and filling of these positions.

Maintenance staff is accountable to maintain more equipment requiring constant training while still ensuring our older systems remain operational. Implementation of a planned, preventive maintenance methodology is also a critical process utilizing minimal staff otherwise required when operating using a break/fix methodology.

Operating within this methodology requires continued process and procedure adjustments as equipment and system changes occur to our infrastructure. Some re-tooling as well as training for staff to appropriately maintain an ever changing infrastructure is another key element of our business plan.

The evaluation of the vacant positions identified opportunities to enhance our internal operations and reduce overall costs. Realignment of a supervisor position to support maintenance operations will create a structural annual savings of \$20,750. An additional \$88,099 savings through position attrition for a total expected budget savings of \$108,848.00 in 2011.

I just wanted to take a moment to recognize Dave and his staff for their hard work and commitment to World Class Service. Saving dollars is important, but to me what's more important is to identify opportunities to make something good ... better.

Facilities management is currently evaluating applications and anticipate the following positions will be filled by April 15, 2011.

WHAT CAN YOU TOLERATE?

A survey for Non-Union employees



In order to combat the \$20M dollar projected deficit for the next budget cycle (2012/13) we must employ a multi-faceted approach to bring the budget into balance. There are four

large pieces to this budget balancing puzzle that are under review: modifying revenue generating mechanisms, organizational restructuring, adjusting our funding to outside agencies and modifying benefits and compensation for both union and non-union employees.

Personnel costs make up over 60% of the General Fund budget and that doesn't even take into account the personnel support through appropriations to non-General Fund programs. Therefore, some modifications to personnel expenses are necessary to balance the budget.

We are feeling pressure from all sides. Not only are our residents calling for change, but also a variety of external factors make this process even more difficult, including the changes due to Health Care Reform and Governor Snyder's quest to bring compensation packages for public employees in line with those in the private sector. In the past, we were able to be very good to our employees, but as the economic outlook has changed resources have become increasingly limited. To ensure a continuation of programs and services to the citizens of Washtenaw County we must change local government and that includes the compensation and benefits for our employees.

A comprehensive review of employee compensation and benefit levels will be part of the 2012/13 budget development. We're reviewing the list of options from the last budget process and we're brainstorming additional items. I'm engaging with the Labor Management Team and I'm looking forward to engaging the rest of the organization in the coming months.

During the last process, we heard that non-union employees had hoped for an opportunity to respond to the recommended modifications to non-union

comp and benefits before Board adoption. I heard what you said, and it's important to me that we engage ALL of our employees in this process. So that's my goal this time around. We will continue to engage employees through the traditional Town Hall Sessions, online forums and through my monthly newsletter. But this time, I'm asking non-union employees to participate in a survey to identify ***What Can You Tolerate.***

The intent of this survey is to gather feedback from non-union employees regarding potential modifications to comp and benefits. Let me be clear, it is not my intent to negotiate with employees through this survey; rather it's an opportunity to share your thoughts. All input will be considered as we build the Recommended 2012/13 budget.

Individuals who attended the January Group of 180 meeting had an opportunity to fill out the survey. Those surveys were collected and the results are [available online](#). Surveys will also be distributed at upcoming Town Hall Sessions. Non-union employees should contact Administration's [Joanna Bidlack](#) for an opportunity to complete a survey anonymously. All union employees are encouraged to work with your designated union representative.