



Administrator's Message

Verna McDaniel

GREETINGS EVERYONE. What a difference a month can make! I've spent my entire life in Michigan, but the transition from winter to spring is my favorite time of year. By now, I hope you had a chance to read the [note on eCentral](#) from Conan Smith, Chair of the Board of Commissioners about the Board Retreat. Commissioner Smith has done a tremendous job leading the Board throughout this process, engaging every member of the Board, listening to their feedback and creating a document that encapsulates the desired outcomes of the Board as a whole. The Board formally adopted the [2012-2013 Strategic Priorities and Budget Decision Principles](#) at the March 16th Ways and Means meeting. These priorities and principles will provide direction to Administration during the development of the 2012/2013 budget and will guide the structural reforms necessary to support Washtenaw County's fiscal stability and the delivery of high-quality, high-value services to residents. At its heart, this document represents a challenge to Administration from the Board to reinvent Washtenaw County government, advance community prosperity and security while ensuring long-term institutional stability. I couldn't be happier with the progress this Board has made in just a few short months and the leadership of Commissioner Conan Smith. Please take some time to read through this document and use the priorities and principles to evaluate my recommended budget in September and its subsequent implementation.



News from the ——— — Administrator

Inside This Issue

- 2** How are the National and State Economies Impacting Us

- 3** 2010 Year End Upcoming Blood Drives

- 4** Mandated & Discretionary Svcs Kicking Off Labor Negotiations

- 5** Intergovernmental Collaboration LEED Silver Award for 14A Court

- 6** Spring ... an excuse to get outdoors!

NATIONAL AND STATE IMPACT ON US



The nation's economy has begun the long journey towards growth in the past year. The U.S. economy expanded 2.8 percent last year, the most since 2005, after the Federal Reserve lowered interest rates to near zero. Unemployment rates in the U.S. dropped to 8.9 percent in

February from 9.8 percent in November. Improvements at a national level are going in the right direction, but at a very slow pace.

Unfortunately, Michigan's economy remains troubled, with one of the highest state unemployment rates in the nation. Like most other states, Michigan faces a significant deficit, \$1.3 billion in 2011 and another \$1.4 billion in 2012. The economy is improving at the state level, but it's much slower than even that of the low-growth US economy.

Did you know that Michigan gives away \$6.3 billion more a year in credits, deductions and incentives than it takes in through tax revenue? The Michigan League for Human Services noted in an [April 2010 report](#) that in 2009 the state took in a total of \$22.7 billion in tax revenue, while giving out \$35.4 billion in tax incentives.

While this seems illogical, looking back 25 years it is easy to see how this happened. The Headlee amendment to the Michigan Constitution is simple as it applies to state government spending. It declares that state government can collect up to 9.49 percent of total Michigan personal income in taxes and fees approved by the Legislature. If revenue *exceeds* this limit by more than one percent, the excess is to be refunded to taxpayers, *pro rata* (in proportion to the amount each person and business paid), based on the taxpayer's liability under the single business tax and the income tax. If the excess is *less* than one percent, it may be transferred instead to the Budget Stabilization Fund (the state's "rainy day" fund). The original intention of the amendment was to cap the growth of state government. The problem now is that once you give something away, it is really hard to take it back. With declining state revenues, another budget gap looming, and even more painful cuts on the horizon, Michigan cannot continue to give money away that it doesn't have.

Naturally, the national and state economies have a significant impact on our local economy. Most importantly, the State's financial condition continues to impact the revenue we receive. By now, many of you have heard that the **Preliminary Financial State of the County has revealed a projected deficit of \$20.9 million**

for the 2012/2013 budget due in large part to the continued decline in property tax revenue as well as the depletion of the revenue sharing reserves in 2013 among other factors.

To become more efficient and fiscally responsible, we must change how we do business. This, of course is not a new mantra. We've been saying this for years, but until now we have mainly plugged the hole with relatively painless solutions, some structural and some non-structural. Now we must make some really tough decisions. As I've said before, we can no longer be everything to everyone. We need to scale back and focus on our core programs and services.

Administration will begin meeting with each department beginning in May. We will use these meetings to discuss the target budget reduction amount for that department and to explore various options for consideration. This process will take a few months. Simultaneously, Human Resources / Labor Relations Director Diane Heidt and her team will enter into negotiations with our labor partners in hopes of finishing by July 1, 2011. We are entering into some very intense months. I'm hopeful that we can find ways of linking budgets directly to performance assessments and desired outcomes based on the [Board's Strategic Priorities and Budget Decision Principles](#). The board has given us the road map, now we must determine the best course of action.

We are the benchmark for excellence in county government and this will not change. When faced with a \$30M problem in 2010/2011 we pulled together, worked hard and found solutions with minimum impact to services and minimal job loss. Now we can face this \$20M problem with greater confidence and pride knowing we will weather this storm as well and become a stronger organization.

This month will provide greater certainty around our budget assumptions. Equalization Director Raman Patel will share the 2011 Equalization Report, a significant financial indicator, with the Board at the April 20th Ways and Means meeting. This report determines our property tax revenue, which makes up about 60% of our general fund revenue. Like any budget, the 2010/2011 budget is built upon a set of assumptions and the taxable value is one of these assumptions. We planned for an 8.5% decrease in taxable value for 2011, I'm hopeful that the decline will be lower.

I also hope we get clarification on Governor Snyder's budget proposal and better understand how it might impact Washtenaw County. I find comfort, however, in the fact that we are represented extremely well in Lansing. Many of the folks in Governor Snyder's Administration live in Washtenaw County and want to protect what we've taken decades to build – a World Class Community – a community that we are all very proud of.

HOW DID WE DO IN 2010?



I made a commitment to you that I would provide quarterly updates on the county's financial situation. These updates have been given at the June, August and November 2010 Ways and Means Committee meetings and in my corresponding newsletters. In each of these updates, it was explained that the General Fund would end with a sizeable surplus for 2010. If you recall, this was planned as part of the 2010/11 budget development. We had a larger deficit in fiscal year 2011 than in 2010, and one of the means to resolve this deficit was to implement solutions early in 2010 and carry forward these savings to 2011. In total, there was a planned carry-forward of \$5,289,000 between the two fiscal years, requiring at least that much of a surplus in 2010.

There was concern throughout the 2010 budget updates that the county might end up being short of this planned carry-forward. However, even at the time of the 3rd quarter update in November there were a lot of remaining variables. One of the biggest was the amount of property tax overpayments the county would need to pay out. Incredibly that final information isn't known until the last day of the fiscal year. Historically this wasn't a problem as these costs were fairly stable, but now this is a growing and unpredictable liability.

When all of the year end processing was complete, the good news came with a **final 2010 general fund surplus of \$5,544,097**. This was \$255,097 above our planned carry-forward to 2011, right in alignment with our policy to end every fiscal year with a surplus of at least \$250K. This is a huge accomplishment and an indication of the financial management focus from our organization. It would not have been possible without the partnership from our Elected Officials and Department Heads. This accomplishment is also a result of our hardworking employees who have made it a priority to contain costs and find efficiencies in daily operations.

This is a significant accomplishment, but we're not out of the woods yet and we need to remain focused on

finding budget solutions. We're still trying to resolve a \$1M deficit in the 2011 budget and we need to monitor every aspect of the budget to avoid any surprises. Later this month we will receive the news about our 2011 property tax revenues through the Equalization Report. Our hope is that the percentage of lost property tax is well below the projected -8.5% loss. If the percentage is lower than the projected amount we could realize some savings that will help keep us on track this year and address the \$1M deficit. The first quarterly update for 2011 will be provided to the Board in May. Even still, a lot of work remains to develop a balanced budget for 2012/13.

I appreciate all of your continued focus on our budget realities, and even more so for the great work you perform each and every day to better our community and the lives of our citizens.

UPCOMING BLOOD DRIVES

Mark your calendars for the next round of blood drives in April and May. The County will host drives at three County campuses.

Tuesday, April 26th

200 North Main – Lower Level Conference Room
10:00 am – 4:00 pm

Monday, May 2nd

Sheriff's Office Campus – LRC Room A
10:00 am – 4:00 pm

Monday, May 2nd

Towner II Building – Room 1120
10:00 am – 4:00 pm

By scheduling times, the process runs more smoothly and quickly. The Red Cross staff will do their best to get you in and out within an hour, but please be flexible. Walk-ins are welcome, but appointments will take priority.

To schedule an appointment please contact [Joanna Bidlack](#) in the Administration office at 222-6731. Watch eCentral for updates on these drives.



MANDATED & DISCRETIONARY SERVICES



There are three main reasons why the county performs the services it does – either the State tells us to do it, the Board directs us to do it, or a citizen need drives us to do it.

Several years ago the county created an inventory of our services and outlined whether or not these services were legally required thereby called a “mandate”, or if they were instead internal decisions which were not required or therefore a “discretionary” service.

A great deal of work was done to further understand our mandated obligations as part of the 2010/11 budget development. Each department head and elected official outlined their services, made their assessment as to why the service was being performed (including any legal references), and outlined the funding sources of the services. Corporation Counsel then reviewed everything and stated whether or not there was agreement on the classification of mandated or discretionary. All of this was published to the Board of Commissioners and organization in March 2009. An [update of this study](#) has been completed to align the funding allocations with the 2011 budget.

It was identified through this exercise that approximately 70% of the work performed by the county falls within a mandated service. However, the law typically provides discretion as to the level of mandate and how the services are performed. This is an important discussion for the Board of Commissioners as we enter into the 2012/13 budget development. In their recent priority discussion, they declared that mandated services are extremely important as some of our major core services, but that we should also fund these based on how much they are helping to advance the desired community outcomes for our citizens. Regardless of whether a service is mandated or discretionary, it is important for us all to remember that each and every service the county provides adds value to help us create a world class community. Unfortunately due to the economic realities, tough service level discussions are ahead and this must be one of the facets taken into consideration.

KICKING OFF LABOR NEGOTIATIONS



To kick off labor negotiations two mediators from the Federal Mediation & Conciliation Service were on hand to provide training on the process and specific techniques used in Interest Based Bargaining. Approximately 60

employees from both labor and management participated in the training in March and another 30 employees are expected to attend the training this month. To me, participation in this training says that both groups desire a smooth, open and respectful process where the interests of both groups are met as quickly as possible.

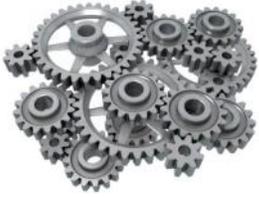
As I mentioned previously, I have requested that the negotiations team led by Diane Heidt, Human Resources / Labor Relations Director, work with our Union partners to develop a process for expedited bargaining, with a target completion date of July 1, 2011. I know that this is a very aggressive timeline for the organization; however I strongly believe that we need to take the necessary steps to define our future together. The negotiations team includes: Finance Director Kelly Belknap, Trial Court Administrator Dan Dwyer, Friend of the Court’s Judah Garber, Youth Center Director Lisa Greco, CSTS Director Donna Sabourin and Parks and Recreation Director Bob Tetens.

I feel strongly that every employee needs predictability throughout these difficult and very uncertain times. Expedited bargaining will allow greater predictability for our employees. Employees will know what to expect, good or bad, and that will lessen the anxiety level and give folks time to plan next steps most appropriate for themselves and their families.

One of the many ground rules in negotiations is that everything remains confidential until a tentative agreement has been reached. This can be challenging because it may seem like we aren’t making any progress, but the reality is that the negotiations team and our labor partners are working very hard to reach an agreement that works for everyone.

Finally, all union employees should direct their questions, suggestions or comments to their union leaders and all non-union employees should direct their inquiries to Diane Heidt or any member of her team.

INTERGOVERNMENTAL COLLABORATION



At their [March 17th Working Session](#), the Board of Commissioners hosted a discussion on intergovernmental collaboration. The discussion addressed the growing trend of collaboration among local units of government, gaps in our knowledge, and ways in which we can further our collaboration efforts. The Board referred to two key documents during the discussion 1) a matrix identifying the [County's Collaboration Efforts as of March 2011](#) and 2) a [Catalog of Local Government Services in Michigan](#) prepared by the Citizens Research Council of Michigan. It is clear from these documents that a great deal of collaboration is already happening between the County and the Cities, Townships and Villages. Many of our departments are already working together internally and with our external partners to provide services more efficiently.

I'm proud of the work we're already doing, but I think we can do even more. We cannot afford to sit still while the world is changing around us. We need to become even more adaptable and innovative and we must be willing to abandon old turf wars. We need to strengthen our relationships and leverage the vast resources in this community in order to come up with better ways to serve the citizens of Washtenaw County.

We need to look at everything we're doing and decide who is best suited to provide each program and service, understanding that the County may not always be the best provider. We need to broaden our knowledge of other government organizations, and think about how we can work together to provide services in a more efficient and cost-effective way. Working together can allow great things to happen in our community, but it shouldn't be a burden, financially or otherwise. We are all experiencing the same budget pain, increasing costs and decreasing income, which means any collaboration has to be a **win-win** for both sides. I'm challenging County Leadership to consider all the C's - collaboration, cooperation, consortium, contribution, and commitment – as we begin to look for additional opportunities for collaboration.

14A-1 DISTRICT COURT RECEIVES AWARD



During the March 16th Board meeting commissioners were presented with an award recognizing the new **14A-1 District Court** facility for achieving **LEED NC 2.2 Silver** certification for energy efficiency and environmental design. The certification comes from the **U.S. Green Building Council (USGBC)**, a nonprofit organization dedicated to sustainable building design and construction.

Following the USGBC's Green Building Rating System, the project earned points across five categories: water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation and design process. Some of the project's sustainable features include:

- A white, solar reflective roof
- Controlled day lighting in each court room and regularly occupied spaces
- Low-emitting materials for a healthy interior environment
- De-centralized heating plants
- The use of local materials and equipment
- 94% of the total wood based building materials were harvested from Forest Stewardship Council (FSC) certified forests
- 77% of on-site generated construction waste was diverted from landfills
- 24% of the total building materials content, by value, was manufactured using recycled materials
- Low flow fixtures contribute to water savings of 58%

As you know, the new 14A District Court opened last July and features a single point of entry to the Courthouse, Sheriff's Administration and the Jail, which greatly increases security. By using less energy and water, the building saves money in operating costs and has a positive impact on the environment. In fact, it is predicted that the innovative design will result in a 27% energy savings. This translates to 447 tons of greenhouse gas emissions prevented from entering the atmosphere each year.

During the early phases of the project the Board and the project team set a goal to attain LEED certification at a minimum, so to achieve LEED Silver is more than we had hoped for. This is a significant accomplishment and in my mind, a testament to the Board's strategic foresight; carrying out tomorrow's business more efficiently as a result of good business decisions made today.

HERITAGE TOURS - *An excuse to get outdoors!*



Ready or not, spring is here. During this time of year I look for any excuse to get outside and enjoy the warm weather. Did you know that Washtenaw County has a Heritage Tours program with four distinct themed driving routes to guide visitors and residents through local cities, villages, and rural areas? The tours celebrate Washtenaw County's rich heritage and highlight a variety of historic and cultural resources.

Heritage tourism supports local businesses, links tourists and residents to local foods, and promotes the retention of property values and sense of place. Take some time with your family, enjoy the weather, support your local economy and learn more about what makes this community great.

Local history buffs will enjoy the [Esek Pray Trail](#) along Ann Arbor-Plymouth Road in Superior Township. This tour features a variety of exceptional nineteenth century residences, one-room schoolhouses, and other resources all tied to the family of Esek Pray, a founding leader of the State of Michigan, and his contemporaries.

Those interested in [Greek Revival Architecture](#) may choose from the North Tour, South Tour, or selected stops in Ann Arbor or Ypsilanti, and the townships of Dexter, Scio, Northfield, Ann Arbor, Superior, Lodi, and Pittsfield. See a diverse collection of building materials, ranging from brick to wood siding to cobblestone; and building forms, from Michigan's early settlement through the post-Civil War era.

On the [Historic Barns Tour](#) through Bridgewater, Manchester, and Sharon townships as well as the Village of Manchester, tourists will see the storehouses of the nineteenth century's strongest industry: agriculture. Learn about the dairy industry and different kinds of farm outbuildings.

On the [German Heritage Tour](#) invites drivers onto the back roads of Freedom, Lodi, Scio, and Sharon townships to witness a landscape dotted with traditional farmsteads, stunning homes, and beautiful gothic revival churches. Discover the rich ethnic, cultural, and religious heritage of the German-speaking families who came here in the 1830s.

ITCHING FOR A WALK, RUN OR HIKE?



If you are itching to get outside in this beautiful spring weather to go for a walk, run, hike, bike, rollerblade or play that first round of golf – The Washtenaw County Parks and Recreation Commission has a site for you! Did you know that most of the County's 15 parks and 19 preserves are available to the general public at no charge? Here are a few things you can do outdoors:

- [County Farm Park](#) has an expanded children's playground, an exercise trail, and walking trails totaling over 2.5 miles within the city limits of Ann Arbor.
- [Rolling Hills](#) and [Parker Mill](#) are great for rollerblading with the 1.5 mile trail at "the Hill" being the longest (paved trail system to be expanded to nearly 5 miles this summer).
- Rolling Hills provides a 3-mile challenging mountain bike trail. The sport can also be enjoyed at the longer (3.8-mile), more family oriented course at [Sharon Mills Park](#).
- The Natural Areas Preservation Program (NAPP) identifies and cares for lands with special ecological, recreational, and educational benefits and these nineteen [preserves](#) are open to the public from dawn until dusk daily.

If you are looking to get in shape and shed a few winter pounds you can take advantage of the [Meri Lou Murray Recreation Center](#). County employees can access the recreation center by purchasing an annual recreation pass through payroll deductions for as little as \$7.70 per pay period. You can purchase a family pass (4 total people) for \$17.70 per pay period. The payroll deduction form can be found [online](#). Whether you visit a county park or preserve just get outdoors and enjoy the gift of spring!

For more information about all the programs and services available through Parks and Recreation, check them out [online](#).