



Administrator's Message

Verna McDaniel

GREETINGS EVERYONE. February is here and gone. I've enjoyed the winter, but let's be honest I don't want to see any more snow. Bring on the Spring! Don't forget to spring forward on Sunday, March 13th at 2 am for Daylight Saving Time.

For me, most of February can be divided into three distinct areas. First, I've spent a lot of time **sharing the Preliminary Financial State of the County** with employees in a series of Town Hall meetings. The meetings have been a great opportunity to meet with staff to help them better understand the county's financial situation. Second, I've been listening to the **Board of Commissioners discuss their priorities and desired community outcomes** in several retreat sessions. These sessions have been enlightening, inspiring and invigorating. Hearing the Board share many of the same concerns and aspirations for this county that I have helped confirm that we're moving in the right direction as we move along in the Planning Process. We need direction and guidance from the Board and they are excited to give it and that, makes my job a lot less difficult. Finally, like so many of you, I've been **digging into Governor Snyder's budget proposal** trying to understand how it impacts us. There is still a lot of uncertainty, but we're working internally and with folks in Lansing to get a better handle on what's to come.



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TOWN HALL MEETINGS



Beginning in February, Chair of the Board of Commissioners Conan Smith, Deputy County Administrator Bill Reynolds and I met face to face with employees in the first round of Town Hall meetings. These meetings have allowed me to

meet with a relatively small group of employees at a time and bring them up to speed on the financial situation facing the county. So far we've engaged 380 employees through the Group of 180 meeting, Labor Management Team (LMT), Department Head meeting and the Town Hall meetings. There are two remaining Town Halls for specific groups of employees only, Head Start and Sheriff's Office employees.

Understandably, employees have had a lot of questions at these meetings. By and large, the questions asked have been to better understand the county's budget, the impact from the governor's budget proposal, and the impact from the Health Care Reform. Currently, we are compiling all the questions (and answers) into a single document. This document will be published on eCentral following the final town hall meeting in April.

What I've been most impressed with is the genuine interest in understanding the county's financial situation. Employees want to comprehend the issues at hand and be a part of the solution. I can't tell you how encouraged I am by these meetings. I'm amazed at the attentiveness and understanding of our employees. None of this is easy, but it's clear to me that employees care and they want to get this issue resolved so they can focus their efforts on delivering services.

If you were unable to attend a Town Hall meeting or would like to learn more about the County's financial situation, consider attending the upcoming Brown Bag "State of the Economy" Series with Bill Reynolds and the Budget staff. Bill will lead a lively and informal discussion about a variety of topics in today's economy, including: the new State government, macro trends, key drivers, budget basics, and impacts at our County level. The brown bag lunch will take place on Thursday, March 10th from 1-2 pm at 200 N Main in the LL Conference Room. Register through **PD made EZ** or contact Professional Development Coordinator [Linda Wicks](#) at 973-4590.

AN UPDATE ON MSU EXTENSION



As you may know, Michigan State University and MSU Extension have been working through a significant restructuring of the colleges on campus and at the Extension offices. I gave a detailed overview of the restructuring in my [July newsletter](#).

Since then, Deputy County Administrator Bill Reynolds and finance staff have continued to work with MSU Extension to understand the changes being proposed by MSU and how they will impact Washtenaw County. Last week, details of the restructuring began to emerge and while a significant amount of uncertainty remains, I wanted to take a moment to share what we know at this point in time.

MSU is in the process of creating a standardized Memorandum of Understanding (MOU) Agreement for consideration by all counties that are interested in maintaining an extension presence in their community, at a base rate of \$31,000 plus \$0.30 per capita based on the 2010 census. This MOU will allow the county to access programs for all four MSUE institutes, house at least one extension educator in the county office, house at least 0.5 FTE to serve as coordinator of 4-H programs, and provide administrative oversight. In addition to paying the base rate, counties will continue to be responsible for clerical staff, office space, utilities, high-speed internet and telephone support.

What does all this mean for the County? Well, should the Board of Commissioners decide to maintain an extension presence in Washtenaw County, the cost to the county will increase compared to 2011 costs. We continue to work with our MSU Extension office to identify additional options to reduce costs with the least impact on service levels. I will keep you informed as the details continue to develop.

WHAT HAPPENED IN LANSING?



Bill and I visited Lansing last week to discuss issues pertaining to Washtenaw County. The County's lobbyist Kirk Profit with [Governmental Consultant Services, Inc.](#) hosted the tour and coordinated meetings with Representatives

Rick Olson, Mark Ouimet, David Rutledge, Jeff Irwin and Senator Mark Jensen. We discussed a variety of topics, but primarily focused on three areas, 1) the future of state revenue sharing, 2) bonding for health care and 3) legislation hitting Michigan House and Senate Floor.

The State Revenue Sharing program distributes sales tax collected by the State of Michigan to local governments as unrestricted revenues. As you may know, Governor Snyder's proposed budget includes a 34% reduction of state revenue for counties that exhaust their revenue sharing reserve funds prior to, or during, fiscal year 2012. We will exhaust our revenue sharing reserve fund in 2013 with a final transfer of \$4.5 million. Current lawmakers suggest that county officials should assume that this reduction is a sign that revenue sharing will be eliminated in the future. Our current projections assume the elimination of revenue sharing in 2013.

Many of you will recall that in 2008 we considered issuing Certificates of Participation to deal with the unfunded liability in our retiree healthcare plan. We chose to hold off on this venture partly due to the volatility of the market and partly due to a desire to issue true bonds rather than certificates. While currently the state doesn't allow counties to issue bonds for retiree health care liability, the state is again considering legislation to allow local governments to issue bonds for this reason. Allowing counties to issue bonds would be to our advantage as we could get a better interest rate and have greater predictability in the county's annual cost through consistent bond payments year after year. This legislation has the potential to save the county millions. Certainly, however, there are drawbacks. While we could reduce our liabilities on one side, we would be increasing our debt on the other side. At this point, the future for this proposed legislation is uncertain, but we pled our case nonetheless.

Recent bills on the Michigan House and Senate floors have caused quite a stir. There has been some concern that Governor Snyder would follow suit with Wisconsin's Governor Walker, but in the last few days he's made it clear that "Michigan is not Wisconsin". Gov. Snyder has been clear that he intends to seek concessions through collective bargaining rather than trying to circumvent the process altogether. The concern we raised during our meetings was, "If these bills pass will they be imposed on counties who have their fiscal house in order?" We are entering negotiations with most of our unions shortly and our concerns are parallel with those of our union partners. Namely, can the legislation override our union contracts and if they can, why bother? A great deal of uncertainty remains on this issue, but one thing for certain is that they heard our concerns. At this point, we will have to wait and see.

INTEREST BASED BARGAINING



In the next few months the County's Negotiations Team, led by Human Resources and Labor Director Diane Heidt will engage in conversations with our labor partners. I have requested that the negotiation teams **consider expedited negotiations during this budget process, with a completion date of July 1, 2011**, so that we may provide predictability for the organization and citizens of Washtenaw County during this difficult economic time. Fifteen (15) of our seventeen (17) collective bargaining agreements expire at the end of this year.

The County has used an Interest Based Bargaining (IBB) approach to our labor negotiations as a means to understand and fulfill employee needs when possible. This approach has been in place since 2002, at which time 5-year contracts were negotiated within established timelines, meeting both party's interests & concerns. This process is very different from traditional bargaining in which position proposals are exchanged back and forth between the parties without much discussion of the matter. With IBB, the parties follow the outlined structure:

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INTEREST BASED BARGAINING *continued*

Identify **Issues**

- Problem to be solved

Focus on **Interests**, not Positions

- Needs and concerns underlying the issues

Identify **Options**

- Alternatives

Look at **Standards**

- Examples: Time, \$\$\$, Legality

In my mind, IBB is a respectful process that provides flexibility through enhanced communication, a clear understanding of the interests and concerns that are facing the group, and an opportunity to generate and consider options to satisfy particular interests that may never have been considered before. Further, it enhances the labor-management relationship as follows:

- focuses on issues, not personalities,
- focuses on the present and future, not the past,
- focuses on the interests underlying the issues, not only on positions,
- focuses on mutual interests, and helping to satisfy the other party's interests as well as your own,
- brainstorming can generate options to satisfy mutual and separate interests, and
- options to satisfy those interests should be evaluated by objective criteria, rather than power or leverage.

Heidt has scheduled IBB training for March 21st & 23rd, and again on April 8th. The training will be conducted by trained mediators from the Federal Mediation & Conciliation Service. Folks invited to participate in the training include Administration staff, The Labor Management Team (LMT), the Planning Advisory Team and the Board of Commissioners. If you have questions about IBB training or want additional information, please contact [Diane Heidt](#) at 222-6741.

VETERAN AFFAIRS RESTRUCTURING



Administration has been working closely with Interim Veteran Affairs Director Michael Smith to identify opportunities to enhance service by implementing some organizational changes within Veteran Affairs.

You may recall that in 2008 the Veteran Services Department reorganized into the Department of Veterans Affairs, which reports to both the BOC and the Veterans Affairs Committee. At that time, the Board established a Veteran Relief Fund, allowed by Public Act 214, at the encouragement of former director Mark Lindke. The County was able to levy 1/50th of a mil for the Veteran Relief Fund, generating \$315,000 to cover costs of services to local indigent veterans.

Like many other services and programs, the need for this fund has increased substantially due to the recession. So, to ensure consistency in quality customer service, Smith asked the Board to consider the creation of a 1.0 FTE Veterans Relief Program Specialist, which would allow the department to handle the increased demand for assistance and to conduct outreach. This request was approved by the Board earlier this month. The position will be 100% funded by the Veteran Relief Fund.

The creation of the position will allow for better alignment of staff work duties related to the Veteran Relief Fund so that staff can focus less on administrative duties and more on their official duties including outreach, training and application intake.

In addition to creating the Veterans Relief Program Specialist, the current Veterans Services Administrative Assistant will be downgraded to a Veterans Affairs Office Coordinator position. The downgraded position will retain responsibility for all reception and administrative functions for the County Department of Veterans Affairs.

The evaluation of these positions identified opportunities to enhance our internal operations, reduce overall costs and will realize a structural savings of \$20,000 for the county General Fund. I would like to recognize Michael and his staff for their hard work and commitment to serving the Veterans in our community.

EVERYTHING IS ON THE TABLE



State law requires the County to balance its budget each year. This process requires a delicate balancing act between incoming revenue from various taxes, federal and state monies, fees, etc., and

outgoing expenditures to provide critical services for residents. In these tough economic times, this balancing act is even more difficult. In my opinion, the process leading up to balancing the budget is nearly as important as the budget itself. Administration and the budget team cannot develop and adopt a budget on their own; broad input from County employees and residents is necessary as we build a budget.

The process is already underway and we have shared a lot of information, beginning with the Preliminary Financial State of the County. Employees have had opportunities to engage in the budget process through a series of Town Hall meetings. So far, approximately 380 employees have been engaged and we still have a few more engagement opportunities to go. Additionally, spaces are filling up quickly for the upcoming Brown Bag Lunch with Deputy Administrator Bill Reynolds on March 10th.

We're already into March and I wonder if I've conveyed, as much and as I should, how important the budget and planning process is to this organization. The process we use and the way we attempt to engage everyone from the Commissioners to employees to the residents, is an absolute affirmation of the way this organization operates. While the process may be driven from Administration, the reality is that we rely on everyone in the organization to help build a budget that makes sense and allows citizens to access the services they need.

We must face the brutal fact that we can no longer be everything to everyone. Indeed, everything this organization does and every service we provide will be under scrutiny. We are going to have to make some tough decisions. We must reorganize and reduce costs wherever possible and we must live

within our means. We are focused on operating in a more efficient manner, and continue to seek new models of doing business so that we can deliver the best service possible with the funds that are available to us.

The facts are what they are, but it is also critical to remember that we are an exceptional organization. We will work together on this. We will find ways to do what needs to be done, and we will continue to reinvent the way we provide services as we support one another. I do believe that Washtenaw County is still a World Class organization and we will come through this challenge a better, more open and more resilient organization.

This process is critical to redefining Washtenaw County and I hope you will engage in it. The newly revamped [Budget Planning website](#) is now available online and we just published the [Budget Tool Kit](#). Take some time to stay informed, get engaged and be part of the solution.