



COUNTY ADMINISTRATOR
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TO: Board of Commissioners
FROM: Robert E. Guenzel
County Administrator
DATE: April 21, 2005
SUBJECT: Public Safety & Justice Funding Alternatives and Recommendation

The revised proposal on the Public Safety & Justice system as presented to the Board on April 7th require the following annual costs phased in over the next three years:

2006	\$1,593,103
2007	\$4,746,206
2008	\$5,546,206

Due to the magnitude of the amount needed, there are only a few funding options available:

- 1) Ask the citizens to approve a millage increase to cover the amount needed;
- 2) Eliminate county support for major non-mandated programs from the General Fund in areas outside of Public Safety & Justice;
- 3) Eliminate county support for major non-mandated programs from the General Fund within the Public Safety & Justice system.

Option 1: Propose Millage Increase

Obtaining a new millage is never an easy endeavor. It takes time. It takes strategic communication. It takes a lot of work and dollars. And all of this with no guarantee of approval. We faced that over the past year with an unfortunate result, defeated by 62% of the citizens of Washtenaw County. This revised proposal is a largely scaled back version of the original, both from a system perspective, but also fiscally. As a result, a smaller millage could be pursued, and may have a greater likelihood of being approved. The millage increase needed to cover the proposed costs would be .31 mills. This amounts to only \$38.75 annually for a homeowner with a taxable value of \$125,000. This is less than half of the original request on our citizens. However, Jail millages and broader system millages have a history of defeat, not only with the one attempt we made, but also nationwide. On the other hand, many local units have been successful in passing millages for police services. In my assessment, there is no new grassroots support for a new countywide millage. Without such support, there will not be the

dedicated resources needed to even give a new millage a chance at success. It is possible that such support could be gathered at the local level for more targeted millages.

The other major challenge is that of time. The system has operated for years now in chronic overcrowding, creating a huge liability on the county, but also on the community. The system waited during the first millage proposal. It is my feeling that the system cannot wait any longer. If the Board of Commissioners decides to go for a millage, the first election that we would be statutorily allowed for is August 2, 2005. Approval by the Board on the ballot language would have to be done by June 2, 2005. This is due to the required 60 day pre-election certification requirement. This does not allow much time for discussion and decision. If everything cannot be ready by this time, the next possible election is November 8th. Waiting for these elections would mean the new jail beds would not be available to assist with overcrowding until 2008 or 2009, and that is assuming the millage would pass. It is very possible that a new millage will not pass, and then we would be back to the drawing board having lost another year without a solution being implemented. In my opinion, delaying the start of construction on the new jail pod even another year is not a good option for the county, or the community. The breakdown below demonstrates the cash flow if a .31 millage increase were sought and secured to fund this proposal.

**County of Washtenaw
Millage Collection
.31 Mills**

31-Dec Year	Taxable Value	Millage Collection	Operating Costs	Mental Health Diversion	Total Debt Service	Total Annual Cost	Remaining Millage Collection
2005	12,821,032,767						
2006	13,526,189,569	\$4,193,119	\$320,000	\$0	1,273,103	1,593,103	2,600,016
2007	14,270,129,995	\$4,423,740	1,212,800	1,000,000	2,546,206	4,759,006	-335,266
2008	15,054,987,145	\$4,667,046	2,061,312	1,038,000	2,546,206	5,645,518	-978,472
2009	15,883,011,438	\$4,923,734	2,143,764	1,077,520	2,546,206	5,767,490	-843,757
2010	16,756,577,067	\$5,194,539	2,229,515	1,118,621	2,546,206	5,894,342	-699,803
2011	17,594,405,921	\$5,454,266	2,318,696	1,161,366	2,546,206	6,026,267	-572,001
2012	18,474,126,217	\$5,726,979	2,411,443	1,205,820	2,546,206	6,163,470	-436,491
2013	19,397,832,528	\$6,013,328	2,507,901	1,252,053	2,546,206	6,306,160	-292,832
2014	20,367,724,154	\$6,313,994	2,608,217	1,300,135	2,546,206	6,454,558	-140,564
2015	21,386,110,362	\$6,629,694	2,712,546	1,350,141	2,546,206	6,608,893	20,802
2016	22,348,485,328	\$6,928,030	2,821,048	1,402,146	2,546,206	6,769,400	158,630
2017	23,354,167,168	\$7,239,792	2,933,890	1,456,232	2,546,206	6,936,328	303,464
2018	24,405,104,690	\$7,565,582	3,051,245	1,512,481	2,546,206	7,109,933	455,650
2019	25,503,334,401	\$7,906,034	3,173,295	1,570,981	2,546,206	7,290,482	615,552
2020	26,650,984,449	\$8,261,805	3,300,227	1,631,820	2,546,206	7,478,253	783,552
		\$91,441,683	\$35,805,900	\$18,077,316	\$36,919,987	\$90,803,203	\$638,480

Option 2: Eliminate Major Non-Mandated Programs Outside of Public Safety & Justice

No program elimination is going to be easy. The organization has been in a budget reduction mode for the past three years. Until now, the Board of Commissioners has directed the County leadership and management to identify budget reductions without program or service eliminations. Almost all county departments have implemented administrative efficiencies, restructured staff as a means to provide services with fewer staff, and removed unnecessary spending from their budgets. Over 132 positions have been eliminated, primarily due to the loss of state revenue sharing and state and federal funding for health, mental health and environmental health. In my mind, the organization cannot cut any more without having a strong impact on services. The only option is for full program eliminations. The list on the next page provides many of our major non-mandated services that could be removed from the organization, although these are not shown in an order of recommendation.

Major Non-Mandated County Services	2006 Estimated Cost Savings
Eliminate Head Start subsidy	600,000
Eliminate Library for the Blind and Physically Disabled (LBPD)	600,000
Eliminate Project Outreach Team (PORT) subsidy	100,000
Eliminate non mandated Veteran Services	400,000
Eliminate Worksite Wellness	45,000
Eliminate Planning (includes admin for public works, brownfield redevelopment, etc)	1,200,000
Eliminate county match for community service block grant (ETCS)	500,000
Eliminate MSU Extension	350,000
Eliminate Prosecuting Attorney Juvenile Diversion program	60,000
Eliminate county match for Third Share program	150,000
Eliminate Housing Contingency	310,000
Eliminate shelter support	150,000
Eliminate Children's Well-Being and Human Services NFP Funding	
Avalon Housing	25,000
Catholic Social Services	19,000
Catholic Social Services	25,000
Community Dental Center - U of M	25,000
Food Gatherers	25,000
Home of New Vision	25,000
HOPE Medical Center	20,000
Interfaith Hospitality Network	25,000
Neighborhood Senior Services	25,000
Northfield Human Services	11,000
Building Bridges Program	35,000
Youth Volunteer Corps	35,000
Healthy Families Program	85,000
Parents as Teachers Program	35,000
Child Care Scholarships	100,000
Family Literacy	35,000
Alpha House Children's Services	15,000
Homeless Youth Counseling	50,000
S.U.R.E. at Parkridge Center	35,000
Comprehensive Prenatal Program	60,000
Parents as Teachers Program	35,000
Peer to Peer Parenting	30,000
Eliminate other Outside Agency support:	
Legal Services for South Central Michigan	60,000
Retired Senior Volunteer Program	12,000
Washtenaw Area Transportation Study	20,000
SEMCOG (dues)	145,500
Huron River Watershed Council	11,892
River Raisin Watershed Council	7,265
SEMCOG Water Quality	9,500
Soil Conservation	26,000
Area Agency on Aging I-B	21,036
Dispute Resolution Center	25,000
Fair Housing	35,050
Small Business Development Center	10,000
NAAPID	10,000
NEW Center	10,000
Washtenaw Development Council	100,000
Project Grow	3,000
MAC (dues)	25,466
NACO (dues)	5,800
Eliminate GF appropriation to NGF departments for 3% and fringe increases	
ETCS	35,000
Head Start	45,000
Community Corrections	14,000
Environmental Health	161,000
Public Health	250,000
CSTS	750,000
Total Potential Savings	7,032,509

Each of these provides a valuable service to their customers, our citizens. Even the outside agency support we provide to Not-For-Profits goes to support our citizens and fill gaps in county services. Without this support, many of these individuals will enter county services in a different capacity, typically in a more needy state. As you may recall, with the 2004/05 county biennial budget, the BOC approved a policy providing union settled cost increases to Non General Fund departments as needed. Without this subsidy, each one of these programs would need to cut back on services provided to our citizens. While it does not appear on this list to be a program elimination, the only solution if funding is cut will be just that. These are all options for the Board to consider. However, due to the magnitude of the cost of the Public Safety & Justice system proposal, many of the programs on this list would need to be eliminated to get the level of funding needed.

There is also a question of equity that must be considered. As stated, the county departments have been scaling back operations and costs over the past three years. This is largely due to the budget overages in Police Services. The entire organization has repeatedly given up resources as more funding gets distributed into this one program. And while no full program eliminations have occurred in these other areas, the loss of staff and resources does have an impact on the level of service being provided to those program customers. You can see from the chart below where the cuts have occurred over the past few years. I have a real concern that we are unfairly impacting certain segments of the population instead of spreading the impact throughout the entire citizen-base.

**Communities of Interest Reductions
Estimates for Fiscal Years 2003 - 2005**

	Health	Housing & Homelessness	Planning & Environment	Children's Services	Public Safety & Justice	Revenue & Record-keeping	Support Services
FTE levels as of 2002	369.3	4.0	180.2	85.5	548.1	79.0	123.2
Net FTE Elimination	37.2	-	26.0	12.4	19.1	5.0	26.0
Change in Personnel Cost	2,062,872	-	1,258,186	-	911,733	310,794	2,003,050
% of FTE Reduction	10%	0%	14%	15%	3%	6%	21%

Notes:

Net FTE Elimination includes those positions placed on HV (hold vacant) as well as those truly eliminated

Personnel cost reflects total budget adjustment for position modifications

Elimination of HV positions does not result in budget reduction at time of elimination as that occurred when position went to HV status

Numbers do not include county grants, unless grant makes up entire county department (as stated below)

Departments by Community of Interest include:

Health = Public Health, CSTS, Veteran Services, LBPD

Housing & Homelessness = Community Development/Housing Grants

Planning & Environment = Planning (including Building Services & EH), Drains, MSU Extension, ETCS, Parks & Rec

Children's Services = Juvenile Detention, Day Program, Day Break Program, Head Start

Public Safety & Justice = Trial Court, Sheriff, District Court, Prosecuting Attorney, Public Defender, Emergency Management

Revenue & Recordkeeping = Clerk/Register of Deeds, Treasurer, Equalization

Option 3: Eliminate County Subsidy for Non-Mandated Services in Public Safety & Justice

As you can see in the chart above, the Public Safety & Justice system is one of our largest Communities of Interest, but one that has cut the least. To its defense, much of the system is mandated and protected by law. And, over the past several years, the Trial Court, the District Court, the Sheriff, the Prosecuting Attorney, and the Public Defender have all eliminated at least one position. However, many new dollars have also been added, primarily through the needs of Police Services. The table below demonstrates the annual contribution to Police Services since the implementation of the new methodology beginning in 2002.

Washtenaw County's Total Contribution for Police Services						
Fiscal Years 2002 - 2005						
		Police Services				
	Total Cost	Contractual Revenue	Other Revenue	County Contribution	.5 Mills	Variance
2002	15,044,640	6,634,977	1,573,783	6,835,880	5,144,930	1,690,950
2003	16,322,416	6,953,751	1,479,456	7,889,209	5,567,275	2,321,934
2004	17,609,346	7,485,677	1,561,987	8,561,682	5,901,312	2,660,371
2005	18,346,090	7,999,655	1,381,028	8,965,407	6,345,757	2,619,650
Total 2002 - 2005	67,322,492	29,074,060	5,996,254	32,252,178	22,959,273	9,292,904

Notes:
 2005 amounts are based on annual budget; all other years based on actual experience
 Costs include Sheriff Police Services and Central Dispatch
 Police Services Contractual Revenue includes annual PSU cost, less any year end credits/adjustments

The variance amount on the far right is the additional General Fund contribution going into Police Services over what was originally planned with the .5 mills commitment. This is the amount the rest of the organization has absorbed. And due to the nature of the police services methodology, this subsidy has been largely focused on one geographic region of the county, Ypsilanti Township. The chart below outlines the allocation of the subsidy based on the location of our Police Service Unit contracts.

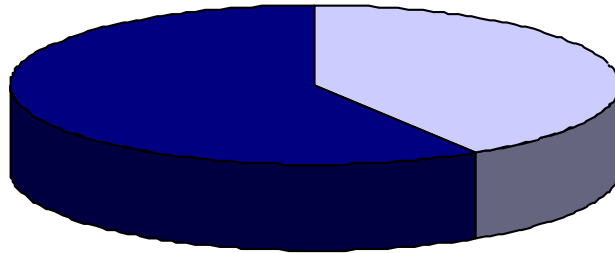
General Fund Subsidy	2002	2003	2004	2005	Total	# PSUs
Bridgewater Township	75,954	87,658	95,130	99,616	358,358	1
Scio Township	531,680	613,605	665,909	697,309	2,508,503	7
Ann Arbor Township	303,817	350,632	380,519	398,463	1,433,430	4
Augusta Charter Township	151,908	175,316	190,260	199,231	716,715	2
Dexter Township	227,863	262,974	285,389	298,847	1,075,073	3
Lodi Township	227,863	262,974	285,389	298,847	1,075,073	3
Village of Dexter	227,863	262,974	285,389	298,847	1,075,073	3
Village of Manchester	303,817	350,632	380,519	398,463	1,433,430	4
Webster Township	151,908	175,316	190,260	199,231	716,715	2
Salem Township	75,954	87,658	95,130	99,616	358,358	1
Superior Township	607,634	701,263	761,038	796,925	2,866,860	8
York Township	227,863	262,974	285,389	298,847	1,075,073	3
Ypsilanti Township	3,341,986	3,856,947	4,185,711	4,383,088	15,767,731	44
School Contracts, Parks & Rec	379,771	438,289	475,649	498,078	1,791,788	5
Total Subsidy	6,835,880	7,889,209	8,561,682	8,965,407	32,252,178	90
<u>Local Jurisdictions with Own Police Agency Not Receiving County Subsidy:</u>						
Ann Arbor						
Milan						
Saline						
Ypsilanti City						
Chelsea						
Northfield Township						
Pittsfield Township						

This goes back to the question of equity. Is it fair to continue to cut human services, environmental services and other county services while providing additional funding to police services in such a targeted way? Several local jurisdictions with a population of over 190,000, or 59% of the county total population, are not receiving any support for the provision of police services from the county as they have their own police agency. And in addition to not receiving any county support, the citizens in these jurisdictions are paying county property taxes that are being used to offer this police services subsidy to other entities. So not only are they paying taxes to fund their own local police, but they are also paying for some of the county police in other jurisdictions. And, almost half of the county subsidy is going to one local jurisdiction. While Ypsilanti Township is a very large jurisdiction that contains many of the county citizens, it is in my mind too much of a burden on the rest of the citizens of the county to subsidize to such levels. This is the nature of the current methodology and not the fault of the local jurisdiction. However, it has become apparent that it is not a fair and equitable methodology. The charts on the next two pages provide a graphic depiction of the subsidy allocation, as well as an analysis we update every few years to demonstrate the cost per capita per jurisdiction of police in Washtenaw County.

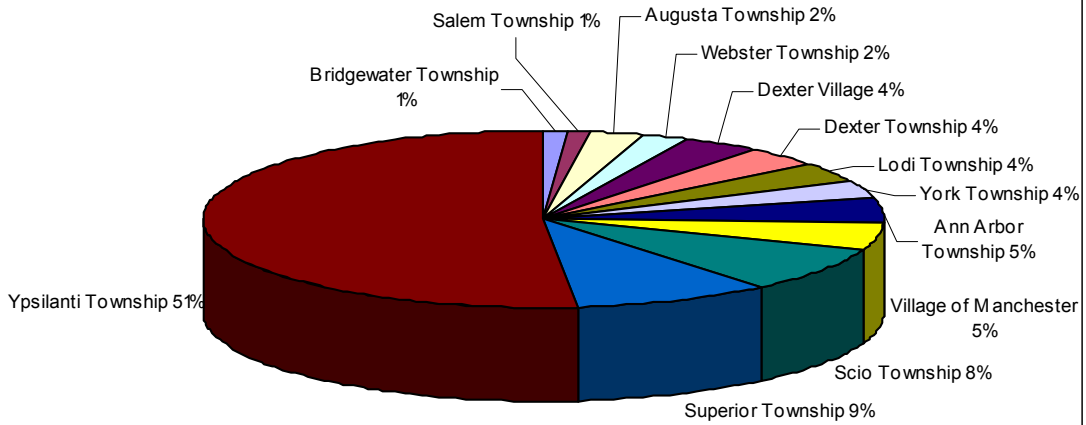
Washtenaw County Subsidy by Population

No County
Subsidy
Received
59%

County
Subsidized
Population
41%



Washtenaw County Allocation of Police Services Subsidy



Contribution by Jurisdiction

City / Township	SEMCOG 2000 Census Population	Taxable Value **	County Property Tax ***	Portion of County Property Tax for Sheriff Police Services	City or Township Property Tax ****	Portion of City or Township Property Tax for Local Police Services	Cost per Capita for Local Police Services	Direct Pay (Contracts) for Police Services	Number of Contracted Deputies ****	Total County Subsidy for Contracted Police Services	County-wide Cost per Capita for Sheriff Police Services	Total Cost per Capita for Police Services
Cities												
Ann Arbor	114,024	\$5,192,003,400	\$23,940,328	\$2,878,136	\$87,751,607	\$22,565,330	\$197.90	\$0	0.0	\$0	\$25.24	\$223.14
Milan	3,065	\$104,655,405	\$482,566	\$58,015	\$1,648,323	\$840,680	\$274.28	\$0	0.0	\$0	\$18.93	\$293.21
Saline	8,034	\$461,625,200	\$2,128,554	\$255,897	\$6,333,498	\$1,853,660	\$230.73	\$0	0.0	\$0	\$31.85	\$262.58
Ypsilanti	22,362	\$434,577,950	\$2,003,839	\$240,904	\$12,131,722	\$4,079,388	\$182.43	\$0	0.0	\$0	\$10.77	\$193.20
Total Cities	147,485	\$6,192,861,955	\$28,555,286	\$3,432,952	\$107,865,149	\$29,339,058	\$198.93	\$0	-	\$0	\$23.28	\$222.21
Townships												
Ann Arbor	4,385	\$534,414,345	\$2,464,185	\$296,247	\$1,860,564	\$0	\$0.00	\$355,540	4.0	\$398,463	\$67.56	\$148.64
Augusta	4,813	\$234,865,065	\$1,082,963	\$130,195	\$941,198	\$0	\$0.00	\$177,770	2.0	\$199,231	\$27.05	\$63.99
Bridgewater	1,646	\$108,253,650	\$499,158	\$60,009	\$339,927	\$0	\$0.00	\$88,885	1.0	\$99,616	\$36.46	\$90.46
Chelsea	4,398	\$292,238,699	\$1,347,513	\$162,000	\$3,646,701	\$873,271	\$198.56	\$0	0.0	\$0	\$36.83	\$235.40
Dexter Village	2,338	\$189,746,791	\$874,922	\$105,184	\$2,660,554	\$0	\$0.00	\$266,655	3.0	\$298,847	\$44.99	\$159.04
Dexter Township	5,248	\$343,068,200	\$1,581,887	\$190,176	\$1,259,163	\$0	\$0.00	\$266,655	3.0	\$298,847	\$36.24	\$87.05
Freedom	1,562	\$114,086,586	\$526,053	\$63,243	\$114,087	\$0	\$0.00	\$0	0.0	\$0	\$40.49	\$40.49
Lima	2,517	\$127,972,104	\$590,079	\$70,940	\$110,773	\$0	\$0.00	\$0	0.0	\$0	\$28.18	\$28.18
Lodi	5,710	\$375,519,025	\$1,731,518	\$208,165	\$554,454	\$0	\$0.00	\$266,655	3.0	\$298,847	\$36.46	\$83.16
Lyndon	2,728	\$167,574,300	\$772,685	\$92,893	\$126,954	\$0	\$0.00	\$0	0.0	\$0	\$34.05	\$34.05
Manchester Village	2,160	\$115,231,516	\$531,333	\$63,877	\$1,760,807	\$0	\$0.00	\$355,540	4.0	\$398,463	\$29.57	\$194.17
Manchester Township	1,942	\$103,601,669	\$477,707	\$57,431	\$82,215	\$0	\$0.00	\$0	0.0	\$0	\$29.57	\$29.57
Northfield	8,252	\$399,988,950	\$1,844,349	\$221,730	\$3,879,613	\$1,505,292	\$182.42	\$0	0.0	\$0	\$26.87	\$209.29
Pittsfield	30,167	\$1,694,008,000	\$7,811,071	\$939,057	\$8,800,372	\$2,952,867	\$97.88	\$0	0.0	\$0	\$31.13	\$129.01
Salem	5,562	\$420,302,315	\$1,938,014	\$232,990	\$0	\$0	\$0.00	\$88,885	1.0	\$99,616	\$41.89	\$57.87
Saline	1,302	\$102,330,725	\$471,847	\$56,726	\$200,701	\$0	\$0.00	\$0	0.0	\$0	\$43.57	\$43.57
Solo	13,421	\$1,326,712,396	\$6,117,471	\$735,450	\$1,941,113	\$0	\$0.00	\$622,195	7.0	\$697,309	\$54.80	\$101.16
Sharon	1,678	\$118,163,482	\$544,852	\$65,503	\$1,061,016	\$0	\$0.00	\$0	0.0	\$0	\$39.04	\$39.04
Superior	10,740	\$682,728,295	\$2,686,960	\$323,030	\$3,423,645	\$0	\$0.00	\$711,080	8.0	\$796,925	\$30.08	\$96.29
Sylvan	2,734	\$224,333,097	\$1,034,400	\$124,357	\$212,533	\$0	\$0.00	\$0	0.0	\$0	\$45.49	\$45.49
Webster	5,198	\$329,875,514	\$1,521,056	\$182,863	\$564,153	\$0	\$0.00	\$177,770	2.0	\$199,231	\$35.18	\$69.38
York	7,392	\$364,156,300	\$1,679,125	\$201,866	\$319,219	\$0	\$0.00	\$266,655	3.0	\$298,847	\$27.31	\$63.38
Ypsilanti	49,182	\$1,711,081,389	\$7,889,796	\$948,521	\$18,024,360	\$0	\$0.00	\$3,910,940	44.0	\$4,383,088	\$19.29	\$98.81
Total Townships	175,075	\$9,980,252,412	\$46,018,944	\$5,532,455	\$51,029,121	\$5,331,430	\$30.45	\$7,555,225	85.00	\$8,467,329	\$31.60	\$62.05
TOTAL COUNTY	322,560	\$16,173,114,367	\$74,574,230	\$8,965,407	\$158,894,270	\$34,670,488	\$107.49	\$7,555,225	90.00	\$8,965,407	\$27.79	\$135.28

*Taxable Value = SEV - (IFT+CFT)/2

** County Property Tax Revenue = Taxable Value X 4.6110/1000

*** City or Township Property Tax Revenue = Taxable Value X City or Township millage rate

**** The total county contracted deputies includes 5 deputies for schools and Parks & Recreation that are not included in the jurisdiction cost of police services

The total cost per capita varies by jurisdiction. Some of this is due to each jurisdiction choosing the level of service and number of PSUs for their citizens. However, the majority of the difference you see when comparing the cost per capita of those jurisdictions that contract with the county and those that do not is based on a savings due to the county subsidy, or the “extra” police services tax payment for those citizens who live in jurisdictions with a police agency as described above.

Recommendation – All of the information presented above leads to my recommendation to phase out the county subsidy for police services. However, this is in no way a critique of the officers who provide a high level of commitment and quality every day in their work. They offer their lives to protect the citizens of the county and need to be acknowledged for their difficult work. It is my belief though that in one way or another these services will continue and the citizens of Washtenaw County will be protected by law enforcement even without a county subsidy or a county operated police force. There are many options about the best way to proceed if this in fact is the decision of the Board. Several major variables to consider include:

- Length of time to phase out the county subsidy for police services to allow local jurisdictions sufficient time to set up and fund an alternative solution;
- Amount of subsidy to provide during this phase out period;
- Level of PSUs to allow countywide and per jurisdiction;
- Level of countywide deputies after end of county subsidized contracts.

To help guide these difficult decisions, I have drafted some guiding principles to consider:

- 1) Identify resources for Public Safety & Justice system needs within the Public Safety & Justice system through elimination or cost recovery of non-mandated services
- 2) Offer to facilitate a process that ensures appropriate level of community policing, allows for local control of police management, and provides equity in payment for police services
- 3) Respect impact on local jurisdictions – proceed with phased approach to allow jurisdictions time to identify new structure and resources
- 4) Honor and protect county employees – assist with relocation as needed
- 5) Allow transparency of Police Services methodology revision

Through conversations with many local officials, it is believed that most entities could proceed to establish a new police alternative with funding within a two year period. As stated in Option 1, the local jurisdictions would have sufficient time with a two year phased approach to pursue a new local police millage if that was their funding decision. The Board could also choose to assist the local jurisdictions in their establishment of new police agencies by providing county police equipment that is no longer needed by the county.

During the two year phase out, it is my recommendation to retain the level of services as currently exist. This would mean we continue with 90 PSU contracts, with each jurisdiction

retaining the same contract level as in 04/05. The remaining variable then for the two year period is the level of county subsidy vs. the cost to the local jurisdictions. It is my recommendation that we alter the subsidy to obtain the necessary funding for the Public Safety & Justice proposal presented on April 7th. The following provides the cost breakdown for the next two years for such an option:

Cost per PSU	2005	2006	2007
Average Cost per PSU (net fixed costs and non contract revenue)	176,416	181,125	186,517
Subsidy from Washtenaw County	87,531	75,000	40,000
Cost to Local Jurisdiction(s)	88,885	106,125	146,517
% of Subsidy to Average Cost per PSU	50%	41%	21%
% Increase in PSU Contract Cost from Previous Year	6%	19%	38%

Due to the phased in approach of the Public Safety & Justice proposal, the county Police Services subsidy could be reduced gradually. In order to obtain enough funding, the subsidy would need to be reduced from approximately \$90,000 in 2005 to \$75,000 in 2006. This is a 19% increase to local jurisdictions. Then from 2006 to 2007, the county subsidy would need to be reduced down to \$40,000, for an annual increase of 38%. It is important to remember that in addition to providing the per PSU subsidy, the county is also providing 100% costs associated with those agreed upon fixed costs. For 2006 and 2007, this is over an additional \$1 million annually.

The remaining question is the level of countywide police support once the local contracts are phased out. It is the county's interpretation of the law and past law cases that the county must only provide for "minimally serviceable levels" of road patrol. My recommendation is that 10 countywide deputies be retained beginning in 2008 to meet this mandate. In addition, if jurisdictions so choose, the county would offer to provide PSU contracts for full cost. The countywide deputies would then be primarily used in jurisdictions that do not have their own police agency or who do not contract with the county.

All of these variables and the associated cost and cost savings to the county are presented in the scenario on the following page.

Phased Approach - Decreased county subsidy through 2007 (\$75K in 2006, \$40K in 2007); Full cost contracts starting 2008; Retain 10 countywide deputies

Cost per PSU	2005	2006	2007	2008	2009	2010
Average Cost per PSU (net fixed costs)	191,761	196,507	202,360	N/A	N/A	N/A
Average Cost per PSU (net fixed costs and non contract revenue)	176,416	181,125	186,517			
Subsidy from Washtenaw County	87,531	75,000	40,000			
Cost to Local Jurisdiction(s)	88,885	106,125	146,517			
% of Subsidy to Average Cost per PSU	50%	41%	21%			
% Increase in PSU Contract Cost from Previous Year	6.00%	19.40%	38.06%			

Total Cost for Police Services	2005	2006	2007	2008	2009	2010
# PSUs (including 10 countywide deputies in 2008-2010)	90	90	90	10*	10*	10*
Total County Contribution for PSUs	7,877,807	6,750,000	3,600,000	-	-	-
Total Local Jurisdiction Revenue	7,999,655	9,551,243	13,186,550			
Other Revenue	1,381,028	1,384,362	1,425,893	1,172,193	1,207,358	1,243,579
Total Revenue	17,258,490	17,685,605	18,212,442	1,172,193	1,207,358	1,243,579
County Contribution for Fixed Costs	1,087,600	1,121,237	1,154,874	3,495,674	3,610,264	3,728,904
Total County Contribution	8,965,407	7,871,237	4,754,874	3,495,674	3,610,264	3,728,904
Net Change in County Contribution from 2005 Budget		(1,094,170)	(4,210,533)	(5,469,733)	(5,355,142)	(5,236,503)
.5 Mills	6,345,757	6,726,502	7,130,092	7,557,898	8,011,372	8,492,054
Estimated Deficit if County only Contributes .5 Mills	(2,619,650)	(1,144,735)	2,375,219	4,062,224	4,401,107	4,763,151

Principles/Assumptions in Calculations:

***Assumes those who choose to contract with the county in 2008 and beyond will fully cover any increased expenditures**

of PSUs will stay at current level of 90 through 2007

Retention of 10 countywide deputies starting in 2008

Decreased county subsidy through 2007 with no subsidy beginning in 2008

Property tax revenue will grow at approximately 6% annually

Salaries growing at 3% annually

Fringes growing at 4.5% annually

Overtime based on 2004 actual need plus 3% annual growth due to salary increases

Internal Service Charges growing at 3% annually

Based on this scenario, the county would realize cost savings of \$1 million in 2006, \$4.2 million in 2007 and \$6.8 million in 2008. The savings to the county will be less in 2008 and beyond if jurisdictions choose not to contract with the county. If the number of contracts are reduced, the county will have to absorb a greater percentage of the fixed costs than what is currently estimated if the number of contracted PSUs remains at 90. The total cost per jurisdiction if this scenario is approved and current contract levels remain is outlined below.

Police Services Contracts - Total Subsidy and Cost per Jurisdiction

		2005	2005	2006	2006	2007	2007
Contract Cost per PSU			88,885		106,125		146,517
County PSU Subsidy		87,531		75,000		40,000	
County Fixed Costs Subsidy per PSU		12,084		12,458		12,832	
Jurisdiction	# of PSUs	Total County Subsidy	Total Jurisdiction Cost	Total County Subsidy	Total Jurisdiction Cost	Total County Subsidy	Total Jurisdiction Cost
Bridgewater Township	1	99,616	88,885	75,000	106,125	40,000	146,517
Scio Township	7	697,309	622,195	525,000	742,874	280,000	1,025,621
Ann Arbor Township	4	398,463	355,540	300,000	424,500	160,000	586,069
Augusta Charter Township	2	199,231	177,770	150,000	212,250	80,000	293,034
Dexter Township	3	298,847	266,655	225,000	318,375	120,000	439,552
Lodi Township	3	298,847	266,655	225,000	318,375	120,000	439,552
Village of Dexter	3	298,847	266,655	225,000	318,375	120,000	439,552
Village of Manchester	4	398,463	355,540	300,000	424,500	160,000	586,069
Webster Township	2	199,231	177,770	150,000	212,250	80,000	293,034
Salem Township	1	99,616	88,885	75,000	106,125	40,000	146,517
Superior Township	8	796,925	711,080	600,000	848,999	320,000	1,172,138
York Township	3	298,847	266,655	225,000	318,375	120,000	439,552
Ypsilanti Township	44	4,383,088	3,910,943	3,300,000	4,669,496	1,760,000	6,446,758
Willow Run Schools	1	99,616	88,885	75,000	106,125	40,000	146,517
Ypsilanti Schools	1	99,616	88,885	75,000	106,125	40,000	146,517
Lincoln Schools	1	99,616	88,885	75,000	106,125	40,000	146,517
Dexter Schools	1	99,616	88,885	75,000	106,125	40,000	146,517
Washtenaw County Parks and Rec	1	99,616	88,885	75,000	106,125	40,000	146,517
Total	90	8,965,407	7,999,655	6,750,000	9,551,243	3,600,000	13,186,550

In summary, the following list represents my rationale for the presented recommendation on a funding solution for the Public Safety & Justice system needs.

1. Full Police Services is a non-mandated service.
2. The millions of dollars spent are not equally divided throughout the County. There are 7 jurisdictions with over 190,000 residents or 59% of the county population who receive no support for the provision of police services as they have their own police agency.
3. The County will provide ten road patrol deputies to help cover those jurisdictions that do not have their own departments or contract with the County.
4. A gradual phase out of the subsidy will give local jurisdictions sufficient time to determine how to provide police services within their jurisdiction. The options are:
 - A. Continue to contract with the County at the full cost of police services.
 - B. Form a regional police authority.
 - C. Start its own police department.
 - D. Contract with other police agencies.
 - E. Depend on the State Police and the Sheriff's Road Patrol.
5. A gradual phase out of the subsidy gives the County time to determine the level of staffing the County will need and actively pursue other opportunities for our employees such as retirement, moves into corrections and placement with newly established organizations.
6. Other communities of interest have taken severe cuts. Over 132 positions have been eliminated over the last two years because of loss of state revenue sharing and state and federal funding for health, mental health and environmental health.
7. A millage is not a viable option because:
 - A. The voters overwhelmingly rejected the previous millage.
 - B. There is no widespread or grassroots support for a new millage.
 - C. Local units have a better chance of passing a millage for police services either for their own department or by contracting with the county than the County has passing a countywide millage either for jail expansion or police services.