



WASHTENAW COUNTY BOARD OF COMMISSIONERS

WAYS & MEANS COMMITTEE

May 2, 2012

Comm. Sizemore called the meeting to order at 6:30 p.m. in the Board Room, Administration Building, 220 North Main Street, Ann Arbor, Michigan.

MEMBERS PRESENT: Comms. Brabec, Peterson, Ping, Prater, Rabhi, Sizemore, Conan Smith, Dan Smith and Turner

MEMBERS ABSENT: Comms. Bergman, Gunn

OTHERS PRESENT: County Administrator, Verna McDaniel; Interim Corporation Counsel Stefani Carter; Andy Brush, ITS; Raman Patel, Equalization; Diane Heidt, HR; Greg Dill, Facilities; Bob Tetens, Parks and Recreation; Ken Schrader, ITS; Jason Brooks, County Administration; Peter Simms, Clerk's Office; various citizens; and members of the press.

Roll Call

Citizen Participation

Thomas Partridge, Washtenaw County and Ann Arbor City resident, urged the board to ensure that the citizens of the county have access to affordable housing, healthcare and education. He asked the board to be aware that there are many organizations capable of providing that service. He stated that Project Outreach and other county funded organizations sometimes have a callous attitude to the citizens of Washtenaw County.

Nancy Rose Gerler stated that the DTE is installing new meters that operate differently than the old analog meters. She reported that these meters are untested and it is not known if they will work in inclement weather. She blamed the news for the lack of coverage on the blowback against this style of meter. She noted that there are costs issues associated with these meters and claimed that many people see their bills doubling or tripling after the installation of these meters. She stated that these meters run on radiofrequencies which makes them a health risk.

Commissioner Follow-Up to Citizens' Participation

None

Special Order of Business

Verna McDaniel presented Hazel Bowman a resolution expressing gratitude on behalf of the Board of Commissioners for Ms. Bowman's 25 years of service to the Foster Grandparent Program. Hazel Bowman received a standing ovation for her service.

New Business:

A. Land Use & Environment

1. Water Resources Commissioner:

a. Sugar Creek Extension Drain Full Faith and Credit:

Comm. Rabhi seconded by Comm. Gunn moved that the Board of Commissioners pledge the County's limited full faith and credit for payment of bonds for the Sugar Creek Extension Drain Project in an amount not to exceed two hundred seventy thousand (\$270,000.00) dollars.

Roll call vote: YEAS: 9 NAYS: 0 ABSENT: 2 Motion carried.

Report of the Administrator:

Verna McDaniel reported that the RFP was submitted by the Federal Office of HeadStart on April 19, 2012. She noted that it will take them between 8-12 months to choose a new grantee. She stated that the county will extend the program

for the time necessary to smooth the transition. She added that this would be a cost neutral program extension for the county. She reported that the county is working with their unions to work through some of the issues associated with extension.

Verna McDaniel asked Comm. Turner to help her provide an update on the Sylvan township millage. Comm. Turner noted that Sylvan Township has defaulted on their interest payment. He reported that work is being done on a consent agreement. He stated that the township is interested in putting a proposal on the ballot which was identical to the previous Sylvan Township millage. He noted that the only difference was that the millage rate was different. He reported that the township is asking if the county will enter into a similar arrangement as the previous year.

Comm. Peterson asked Corporate Counsel to explain the default of a bond payment. Curt Hedger stated that in 2001 the township signed a full faith and credit agreement. He reported that the township breached that contract by not paying. He stated that the county had to file a suit against the township. Comm. Peterson asked who was making the payment. Curtis Hedger stated that at this time the county was making the payment. Comm. Peterson asked how much the payment was. Curtis Hedger stated that it was a payment of \$175,000 made twice a year. Comm. Turner stated that the ballot language was approved and that it will be filed by May 15, 2012 in order to be on the August ballot. He stated that if the ballot was held until November then a consent judgment would have to be filed. Comm. Peterson asked what would be in a consent agreement. Comm. Turner stated that as of this time there is no consent agreement. He noted that the corporate counsel of the county and township will meet to draft a consent agreement. He reported that if an agreement cannot be made and the millage fails then the county will go into a default judgment. He stated that there are two pieces to this problem; unpaid taxes of approximately 2 million dollars and the default on the bond. He added that the consent judgment would be a better outcome. Comm. Peterson asked what steps have been taken if the default has taken place. He stated that steps should be taken now to secure a consent agreement. Comm. Turner reported that the township approached the county several months ago about trying to secure a consent agreement. He noted that legal counsel advised that both parties needed to wait until the default actually happened. He stated that the township is eager to work with the county to get a consent agreement. He mentioned that this is a process. Comm. Ping asked what would happen if the millage fails. Curtis Hedger responded that if the millage failed then the consent agreement lays out for the court what the levy made on Sylvan Township residents would be. Comm. Ping asked why the consent agreement could not go through now. She noted that she does not have confidence in the Sylvan Township residents after they overturned the first millage proposal. Curt Hedger noted that the county is pursuing a dual track; the legal action consisting of the consent judgment and the other track which is the millage proposal. He noted that if this issue comes before the judge then the final decision is ultimately that of the judge. Comm. Ping asked if this is the fastest way to get money out of Sylvan Township. Curt Hedger replied that it is. Comm. Conan Smith commended Comm. Turner for his hard work on this issue. He noted that the county was partners with Sylvan township in this endeavor. He made clear that the county would not be creating a dire situation for those residents in the western side of the county who are already in financial stress. He reported that pursuing this course of action which made fiscal sense and would not cause undue hardship was the best action. Comm. Brabec asked if there has been a shift in the will of the Sylvan township voters. Comm. Turner noted that when the millage proposal was last on the ballot voter turnout was low. He stated that there has been a shift. He reported that he felt that it may pass this time around. Comm. Brabec asked what the plan was in regards to further educating the voters about this issue. Comm. Turner noted that he has made himself available for town hall meeting but he added that the township's corporate counsel was not interested. He mentioned that the town hall meetings last year had turned personal. Comm. Dan Smith stated that he was happy that the county was maintaining its credit rating. He reported that he was pleased that the county had made the payment. He agreed that the impact on citizens needs to be minimized. He noted that it was a unique situation in that it involved two public bodies handling public funds. He reported that it would have been nice had members of the Sylvan Township Board appeared at one of these meetings. He asked if the only way to raise the money was for voters to raise their taxes or a judge can do that. Curt Hedger confirmed that the analysis was correct. Comm. Peterson asked that the board share information of this nature with the entire board. He reported that he felt for the citizens of Sylvan Township. He asked how the county had loaned out money without a guarantee of repayment. He stated that there needs to be a review of the policy of lending full faith and credit. He said that the county had helped Sylvan Township into this situation. Comm. Turner agreed with Comm. Peterson. He added that this action had been taken 10 years ago. He noted that at that time it was believed that housing growth was never going to correct itself. He stated that the policy of lending credit needs to be examined. He noted that it was unfortunate that this money would be paid back by the residents of Sylvan, some of whom did not live in Sylvan ten years ago. He reported that it could have been a very successful project where everything grew. He stated that his heart breaks for the residents of Sylvan Township. Comm. Sizemore stated that he did not know how a check for \$175,000 had been written without the knowledge of the board. He asked if attorney fees could be recouped. Curt Hedger replied that they would not be compensated automatically.

Comm. Peterson asked what no contribution at 20% means. He asked about the impact on the quality of the HeadStart program. He asked if classroom size would remain the same. He asked if the student/teacher ratio would be changed. He asked if the number of students in the interim program would be constant. He stated that HeadStart represents a commitment to the wellbeing of children. He asked if there would be an impact on student transportation and support services. He stated that it would be helpful for the board to have a timetable on the transition of the program. He asked what the time period was for the transition. Verna McDaniel responded that the 20% figure did not mean that the

standard was being lowered. She noted that it meant that the county would be allowed to waive one time the cost of the in kind contribution, which is the 20% non-federal share. Comm. Peterson asked what that 20% represents. Verna McDaniel responded that it was volunteer time, delegate time, fixed costs as well as overhead costs. She noted that there is no intention of lowering the number of children in HeadStart. She added that the hand off would happen in between 8-12 months. She stated that the county will apply for the money for the transition year and make the transition August 1, 2013. Comm. Conan Smith stated that the program has to be reapplied for each year. He noted that the application is being prepared now. He stated that in order to maintain the program in its exact current would require hundreds of thousands of dollars. He reported that the number of kids will stay the same or possibly grow. He noted that there will have to be some changes in scope in order to keep it within budget. He reported that kids are the priority here. He stated that the alternative is to have someone from outside of Washtenaw County come in with less money to take over the program. He said that it will not be the program it was last year and that no one feels good about that. Comm. Brabec stated that one of her main concerns was disruptions to the kids. She asked how the board could find out who had responded to the RFP. Verna McDaniel stated that information could be provided. Comm. Brabec stated that she would like to support an education organization in Washtenaw County in taking responsibility of the program. Comm. Rabhi stated that it was good work to have the program go through only one transition. He reported that this would preserve the leadership of the program and make less of an impact on the program. Comm. Peterson stated that he appreciated the Chair's communication on the issue. He said that the babies served by HeadStart are born and raised in poverty. He reported that he had spoken to parents whose children were enrolled in the program. He noted that the couple he had spoken to had a combined income of \$15,000. He stated that he did not believe there was any substitute for early childhood education. He reported that the county is the School board for HeadStart. He said that this board needs to deliberate on the service that is delivered to these children raised in poverty. He stated that the board has a responsibility to be sure that HeadStart has adequate teaching and support staff. He urged the board to be sure that early childhood education functions well in Washtenaw County. He noted that the board needs to be as involved with the Federal Government as possible as regards the transition of HeadStart. He stated he is interested to read the proposal brought back by the staff. He urged the Chair to bring back some HeadStart experts to serve as consultants to the board. He stated that the board needs to treat HeadStart like their own children.

Verna McDaniel introduced Carla Sledge, CFO of Wayne County who presented the Certificate of Achievement for Excellence in Financial Reporting. She noted that Washtenaw County has won this award for 21 consecutive years. Pete Collinson noted that fund balance was approximately 14.5 million dollars. He reported that the bond rating remained the same at AA+ with a stable outlook. He mentioned that the finance department was planning an internal audit update for the Working Session meeting in July. Mark Kettler of Rehman Robson noted that his firm had provided their opinion on the financial statements. He stated that working with the Washtenaw County staff had been a pleasure. Comm. Dan Smith thanked the finance staff for their work. Comm. Prater stated that he was concerned about Washtenaw County's liabilities. He stated that the county has 50 million dollars more liabilities than it did in 2007. Mark Kettler responded that this was due to legacy costs. He said that this county was engaged in the work necessary to reduce the liabilities. Comm. Prater reported being troubled by the rate of growth of the county's liabilities. Mark Kettler responded that early retirees were partially responsible for that. He noted that the desired result would come through small changes. Comm. Turner reported that the county was putting out RFPs for actuarial services. Comm. Conan Smith thanked the finance staff for their work. He thanked Carla Sledge for coming to the meeting. He reported that it makes him feel good to be part of such a responsible county.

Report of the Chair of the Board

Comm. Conan Smith stated that the Board would reconvene after a ten minute break between meetings.

Items for Current/Future Discussion

Comm. Rabhi announced that Project Grow, a community gardening program, would be installing a garden at the Platt Rd. site. He noted that it was cost neutral for the county.

Comm. Turner asked if anyone on the board did not want to work with the township on the millage issue.

Comm. Peterson thanked the administrator for being able to provide information on HeadStart.

Comm. Prater stated that he believes Comm. Turner is doing the right thing. He added that he hopes it works. He commended Comm. Turner for his hard work.

Comm. Rabhi welcomed Curt Hedger back to his post as Corporate Counsel. Curt Hedger responded that he has a ways to go and he thanked Stefani Carter for her work.

Pending

None

Adjournment

Comm. Prater seconded by Comm. Rabhi moved that the meeting be adjourned until May 16th, 2012 at 6:30 p.m.
Motion carried.

The meeting adjourned at 8:23 p.m.

Rolland Sizemore, Chair

Lawrence Kestenbaum, Clerk/Register
By: Peter Simms, Deputy Clerk

APPROVED: May 16, 2012