



WASHTENAW COUNTY BOARD OF COMMISSIONERS

WAYS & MEANS COMMITTEE

November 02, 2011

Comm. Rolland 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. Bergman, Brabec, Gunn, Peterson, Ping, Prater, Rabhi, Sizemore, Conan Smith, Dan Smith, and Turner

MEMBERS ABSENT: None

OTHERS PRESENT: County Administrator, Verna McDaniel; Interim Deputy County Administrator, Kelly Belknap; Corporation Counsel Curtis Hedger; Jerry Clayton, County Sheriff; Diane Heidt, Human Resources; Mary Jo Callan, Community Development; Tony VanDerworp, Economic Development and Energy; Michael Smith, Veterans Affairs; Bob Tetens, Parks and Recreation; Tina Gavalier, Finance; Lisa Greco, Children's Services; Patricia Denig, ETCS; Greg Dill, Sheriff's office; Andy Brush, Information Technology; Dave Shirley, Facilities; Ben Toole, ITS; Jason Brooks, County Administration; Peter Simms, Clerk's Office; various citizens; and members of the press.

Roll Call

Citizen Participation

Thomas Partridge, Democrat of the City of Ann Arbor, stated that he was there as a voice for those who are unable to attend these meetings. He stated that if the budget was passed that night in its current form then it would be a great injustice. He called on the members of the board to stand up to their responsibilities and table the budget until more revenue sources could be found.

John Winfrey, Century Link, stated that he met with Tim McGuire of MAC who felt that the county was not familiar with the benefits of MAC membership. He reported that he would be happy to speak with any commissioner who was curious about benefits of MAC membership. He asked the board if there was a plan to upgrade the County phone system.

Dr. Douglas Smith stated that the format of this meeting does not allow him to respond to Corporate Counsel's statements about his appeal. He thought that there were 10 days in order to respond to a FOIA appeal. He noted that the Disclosure by Law Enforcement Act should not cover the circumstance that he is describing. He reported that the Bullard-Plawecki Right to Know Act also does not refer to his case.

Todd St. Clair, Shelter Manager at HSHV, stated that he was there to talk about the real costs of animal control. He reported that he has humanely euthanized several hundred animals during his time there. He stated that euthanasia is not a cheap solution. He reported that high rates of euthanasia in shelters lead to high rates of employee turnover. He reported that employees in those shelters can experience compassion fatigue. He reported that the community wants people who care about animals doing this work.

Jessica Anderson stated that she was there tonight because she was concerned about the budget cutting process. She reported that the community was looking to the board to preserve essential services. She stated that she does not care if there is a legal obligation to HSHV because she believes there is a moral responsibility for the board to maintain that relationship.

Kelly Schwartz, HSHV, thanked the commissioners who attended a meeting at the shelter. She reported that unlike the commissioners not one employee of the HSHV wanted to kill more animals. She stated that the HSHV has worked very hard to have the lowest kill rate in Michigan. She urged the board to support county animals.

Commissioner Follow-Up to Citizens' Participation

Comm. Bergman asked those citizens who were concerned about HSHV to read the invoices that were available on the front table. She reviewed the monthly invoice and reported that nowhere in the invoice does it talk about the price or service rendered to the individual animals. She then stated it was incredible the county had paid invoices with no detail for years. She stated that the County did not know what it was paying for. She added that she would always choose to support children over animals which have no conception of their own mortality. She went on to say that HSHV has provided no real proof that they need more money.

Comm. Rabhi mentioned that when the board handles public money they have to know exactly what they're paying for. He stated that the board has been asking HSHV for the numbers but that their request has been turned down repeatedly. He thanked the HSHV supporters for attending the meeting that night. He reported that he is saddened by the process that has taken place. He stated that he did not believe it was the fault of the county and he noted that none of the commissioners are inherently against HSHV. He said that this process of discussion could have been handled in a much better way. He ended by saying that he is not against animals or the HSHV but that he would need to see numbers.

Comm. Prater stated that the board has not had an increase in salary in more than 11 years. He added that he believed the board was doing their part, was taking the issues seriously and was doing a good job of spending citizen money wisely. He went on to say that because of declining property value tax revenue made this a much harder job than it used to be. He commended administration for their efforts.

Comm. Dan Smith noted that the salary of a commissioner is \$15,500 per year. He went on to say that the total amount of money the County pays the board in salary is \$170,500 which he mentioned was less than the \$250,000 the board was discussing in relation to the Humane Society.

Comm. Gunn noted that the board gave the HSHV \$1,000,000 when the building was built and then gave HSHV their Full Faith and Credit saving them \$6,000,000. Comm. Bergman stated that she was one of the commissioners pushing for that lower bond rate. She reported that she is a supporter of animals. She noted that not every animal that is picked up in the county is going to be a pet. She stated that the county cannot afford any more than has been offered. She added that she wants dogs warm, fed and out of the cold.

Comm. Ping asked what had occurred at the meeting with HSHV last night. Verna McDaniel stated that a discussion took place about a contract between the County and HSHV for a total of \$430,000. She added that the county tried to come close to \$500,000. She noted that a decision has not been made by HSHV but that it had been indicated that, that would not be an acceptable agreement. She stated that HSHV was concerned about taking on the responsibility that 2 animal control officers provide for the county.

Comm. Conan Smith stated that he was hopeful that the county would work out an agreement with HSHV. He noted that there was a 20 year relationship between those two organizations. He added that this tough budget situation has forced the board to make some tough decisions. He went on to say that the most recent approach to finding a solution has been to combine the budget's \$250,000 Outside Agency Allocation to the Sheriff's \$189,000 Animal Control line item, for a total of \$430,000. He stated that \$430,000 was not where HSHV wanted a potential future contract to be. He said that the challenge before the board was that the county has historically asked HSHV to rise above the state mandate. He stated that he felt it was not only the desire of the board to rise above the state mandate, it was the board's obligation to rise above the state mandate. He added that he has heard from HSHV board members who also value this relationship. He stated that there were options before the board. He finished by stating that the mandate is the harshest punishment out there because there is no mandate for care or compassion there is only a mandate for cruelty which is to kill dogs.

Comm. Peterson asked if the HSHV was being asked to take on additional responsibilities such as animal control that they have not handled in the past. Verna McDaniel stated that HSHV had indicated to her that there were 4 people on their staff who can pick up animals and have experience. She added that it is not accurate to say that HSHV has no experience with animal control. Comm. Peterson asked if HSHV was being asked to assume the responsibilities formally held by the sheriff's office. Comm. Conan Smith stated that what was being done was trying to meet the HSHV's need for cash. He noted that the county is trying to provide that money. He said that one of the ways that the county could give the HSHV more money would be to transfer a contract with the sheriff's office to HSHV. He said that there was no expectation that the HSHV would provide more service for less money. Comm. Peterson stated that the board needs time to consider this option. He stated that this was not additional funding but additional service and responsibilities and would require HSHV to take on a new role for the county. He stated a hope that the board be patient to work out an agreement with HSHV.

Comm. Bergman stated that she did not know what services HSHV provided. She added that the county could not afford to save the number of animals that they currently save. She stated that Comm. Conan Smith does not speak for her and that no one else could get away with an invoice like HSHV provided.

Comm. Gunn stated that some mandated services have had to take cuts. She added that there have been cuts to Human Services and the Delonis Center which are also run by volunteers. She noted that both departments and employees have taken cuts. She said that the proposed cuts to HSHV do not seem unreasonable to her. She noted that for years the county has risen above the state mandates but could no longer afford to do so.

Comm. Rabhi, addressing Comm. Conan Smith, stated that he was having a hard time with the tone of his arguments and noted that the commissioner does not speak for everyone around the table. He added that he is hopeful that an

agreement can be worked out between the county and HSHV. He urged staff and volunteers to contact HSHV and urge them to work with the County. He thanked Comm. Conan Smith for his work with HSHV.

Comm. Ping stated that she supports full funding for HSHV but noted that she knows that there must be some cuts. She added that she was hopeful that some sort of agreement could be worked out with HSHV. She noted that if the new agreement went through HSHV would receive the smallest outside agency cut.

Comm. Brabec asked if there was information regarding the mandate and what it stated. She asked if there was a baseline that the county could use to work on this issue.

Comm. Dan Smith stated that in 2006 the County contributed \$219,000 to the Humane Society for their services. He went on to say that the County paid the Humane Society \$200,000 in 2007 and \$299,000 in 2008. He added that the County Administrator's original proposal for 2012 was \$250,000 and the modified proposal was \$430,000. He reported that he would support either proposal and then reminded the board that there are many organizations who would be thrilled to be receiving the same amounts of funding they had in 2006, 2007 and 2008.

Comm. Turner asked Verna McDaniel what the contract with HSHV entailed exactly. Verna McDaniel stated that there is a two year contract that covers 2010-11 and expires on December 31, 2011. She reported that the contract covers dogs and cats primarily. Comm. Turner asked if it was for the care of dogs and cats brought to the shelter or was it for the shelter to pick these animals off the street. Verna McDaniel said that it was to house stray dogs and cats for a 4-10 day period. She stated that she would need to have the contract in front of her to pin down all of the services provided because it was pretty broad. Comm. Turner asked if the contract had a per-animal service amount. Verna McDaniel stated that she had never seen a per-animal breakdown of the cost. Comm. Turner asked what the total dollar amount of the HSHV contract was. Verna McDaniel responded that the total dollar amount was \$500,000, which the County paid in monthly installments. Comm. Turner stated that it appeared as though there was no breakdown of costs for the contracted services. He went on to say that it was his understanding that the Humane Society was now indicating that \$250,000 would not be enough for them to provide their services. He asked if HSHV has provided any paperwork explaining what the cost is to provide care for these animals. Verna McDaniel reported that administration is seeking a per-animal cost from HSHV. Comm. Turner asked if the numbers in the invoice reflected animals that were picked up by HSHV or dropped off by citizens. Verna McDaniel responded that it was a mix of both. Comm. Turner asked if it was known how many animals the sheriff dropped off at HSHV. Verna McDaniel responded that that number was 192 animals. Comm. Turner stated that he was concerned about HSHV's inability to turn over a per-animal cost. Verna McDaniel stated that the HSHV already picks up animals and that if they took over the sheriff's responsibilities then they would be responsible for an additional 192 animals. Comm. Turner stated that he hoped that HSHV would be able to make a new contract work.

Comm. Gunn stated that the mandate only includes dogs not cats. Curt Hedger noted that the contract does include cats but that the mandate is only for dogs. He noted that this is a case of trying to make the HSHV's mission, which is an admirable one, meet with the state mandate.

Comm. Bergman asked how many animals total were picked up in the County by both HSHV and the sheriff's office. She noted that she suspected that there might be ways to make the animal pick up system more efficient.

Comm. Rabhi mentioned that in future contracts, hopefully with HSHV, then dollar amounts would need to be broken down.

Comm. Peterson asked Corporate Counsel if dogs were the only responsibility of the county. Curt Hedger stated that there is no Michigan equivalent to the Dog Law of 1919 which states that the County Treasurer is responsible for licensing dogs and the sheriff for killing dogs, over the years this has been softened by court cases which says that you cannot just kill unlicensed dogs they must be held for a certain amount of times. He added that stray dogs are held for 4 days and rabid dogs for 10 and that, wild animals are killed immediately. Comm. Peterson asked at what point the board would allow the administrator to have flexibility. He noted that he is as concerned about cats as dogs. He asked what would happen after tonight in terms of working out an agreement with HSHV. He asked the chair about the limitations on negotiations with HSHV.

Comm. Gunn noted that in the budget line item it no longer read humane society it now reads mandated animal control. She noted that the County no longer has the money to rise above the mandate.

Comm. Sizemore stated that there are problems on both sides of this discussion. He noted that he has not heard from either side what other counties are doing to solve this problem. He noted that Comm. Smith was working on this issue. He noted that he would be having administration investigating what other counties do.

Comm. Rabhi clarified that talking about a dollar amount is premature. He stated that it was necessary to find out what the service cost.

New Business:

A. Economic Development

1. Office of Community & Economic Development:

a. Knight Foundation Community Grant:

Comm. Gunn seconded by Comm. Bergman moved to recommend that the Board of Commissioners ratify the electronic signature of the County Administrator on the submission to the James A. And Faith Knight Foundation for the period of one year after the grant agreement is signed to work with various agencies to provide emergency financial assistance to clients to help to prevent evictions, utility shut-offs, and other services to leverage the county's 2011 budgeted allocation for Eviction Prevention for a total program of up to \$40,000. Indirect costs are not eligible under this grant, upon receipt of the award: Authorizing the Administrator to sign notice of grant award, authorizing the Administrator to amend the budget, authorizing the Administrator to sign delegate contracts.

Roll call vote: YEAS: 11 NAYS: 0 ABSENT: 0 Motion carried.

B. County Administrator:

1. 2011 General Fund Budget Adjustments:

Comm. Gunn seconded by Comm. Bergman moved to recommend that the Board of Commissioners authorize the Administrator to amend the 2011 General Fund Budget Net increase to the General Fund Budget in the amount of \$619,939, increase other financing sources-capital lease revenue, increase capital outlay expenditures, transfer budgeted expenditure, transfer out/appropriations to the capital outlay category, transfer budgeted expenditure reserves to transfers out/appropriations category, transfer budgeted expenditure of other services and charges to debt service category.

Roll call vote: YEAS: 11 NAYS: 0 ABSENT: 0 Motion carried.

2. 2012-13 Administrator's Revised Budget Recommendation:

Comm. Gunn seconded by Comm. Bergman moved to recommend that the Board of Commissioners ratify updated position modification grid for Public Defender, Sheriff's Office, Water Resources Commissioner Office and Public Health changes. Public Defender changes net impact to the General Fund is \$0 as Public Defender's part-time temporary line item will be decreased by the amount to cover the cost of keeping this position. Sheriff's Office changes are for the specific position control numbers to be determined and therefore net impact to the General Fund is \$0 for these positions were not budgeted for in 2012 and 2013. Water Resources Commissioner Office changes net impact to the General Fund is a savings of \$54,828 in 2012 and a savings of \$82,467 in 2013. Public Health changes net impact to the General Fund is \$0 as Public Health's 2011/12 budget includes the cost of the additional position. Updated outside agency allocation to reflect a decrease for MAC Dues and increase for Sheltering Activities (Delonis Center) in the amount of \$26,230 per year.

Comm. Ping seconded by Comm. Dan Smith moved to amend Washtenaw County's 2012/2013 Budget by decreasing the funding to SPARK by \$30,000 and transferring \$15,000 to MSU Extension and \$15,000 to the Food Systems Economic Partnership (FSEP). Passed by voice vote. Motion carried.

Comm. Dan Smith moved to change the verbiage on page 11 item 14 of the budget resolution from "Chairs" to "BOC". Passed by voice vote. Motion Carried.

Comm. Conan Smith moved to move the \$500,000 for 2012 and 2013 Mandated Animal Control Services from the Outside Agency Allocation to the Office of the Sheriff Fund 500 for the purposes of Animal Control.

Comm. Dan Smith seconded by Comm. Ping moved to amend Comm. Conan Smith's resolution, language of the amendment is as follows; The Administrator be instructed and the Sheriff be requested to continue discussions with HSHV to provide Mandated Animal Control Services for the County. Discussion ensued. Comm. Dan Smith seconded by Comm. Ping withdrew the motion.

Roll call vote (Comm. Conan Smith's Amendment to the Budget): YEAS: 8 NAYS: 3 (Comms. Peterson, Sizemore, Turner) ABSENT: 0 Motion carried.

Roll call vote (Budget Recommendation): YEAS: 9 NAYS: 1 (Comm. Sizemore) (Comm. Peterson voted no on SEMCOG, HeadStart, and HSHV but approved the rest of the budget) ABSENT: 0 Motion carried. (Comm. Brabec abstained from voting.)

Report of the Administrator:

Comm. Sizemore asked how a vacant position was a savings more than once. Tina Gavalier responded that the longer a position was vacant the higher the amount of savings.

Comm. Bergman encouraged the board to remember that not all of the balls are in until the strike of midnight December 31, 2011. She asked Tina Gavalier how the offset of the expenditure surplus worked for trial court. Tina Gavalier responded that revenues are less and that expenditures have increased.

Comm. Prater stated that this was one of the better presentations he had ever seen. He asked if administration was recommending an increase of approximately 2.5 million dollars. He added that this meant that the original budget was off by 2.5 million Tina Gavalier responded that the original budget was amended in the fall of 2010 and that there was a more current budget. Comm. Prater stated that the budget was off and that he was concerned that this could happen in the 2012-13 budget. He went on to say that it was important to be as accurate as possible. He suggested that the budget was laid out so that it could be seen which departments were not meeting their budget. Verna McDaniel stated that she looked forward to Comm. Prater's continued input.

Comm. Ping noted that the treasurer would have less revenue in upcoming years due to the discontinuation of dog licensing fees. She asked if that change would be reflected in the upcoming budgets. Tina Gavalier responded that the change had been accounted for.

Comm. Conan Smith asked administration to speak on the issue of capital equipment leases. Tina Gavalier stated that in IT's budget there is a capital lease that is ongoing with EMC Corporation. She noted that a capital lease is usually a 3-4 year contract. She went on to say that the capital lease with EMC Corporation is accounted for in the maintenance category of IT's budget. She added that as part of the budget adjustment a portion of that capital lease would be moved from IT's maintenance category to debt service in order to cover the debt service and capital interest cost. She stated that the Board would, in compliance with County rules and regulations, be receiving a financial statement presentation. She reported that it was necessary to show revenue of the other services or the other financing sources for that Capital Lease in the amount of \$1.3 million and then to also show offsetting expenditures out of the capital outlay category of that \$1.3 million. She noted that this would have no impact on the general fund budget because there was both revenue and expenditures. She stated that IT reported a savings on their maintenance costs when the capital lease was put into service this summer because the capital lease was modified. She added that because the capital lease was modified in 2011 the modification had to be accounted for on 2011 Financial Statements. She finished by saying that Administration is recommending a budget adjustment so that the budget is in alignment with the Accounting Entry so that when IT's year end status does not reflect a short fall. Comm. Conan Smith noted that this contract is not being mismanaged it is an accounting adjustment.

Comm. Rabhi commended Tina Gavalier for her presentation.

Comm. Dan Smith stated that he really like the way the budget had been laid out. He noted that on page 3 of the budget, the first bullet point stated that there was a Planned Use of Funds balance in the amount of \$2.5 million. He stated that this same line item was on page 11 of the budget where it was shown as being less than a million dollars. He asked what the explanation for that discrepancy was. Tina Gavalier stated that is a category display and there are multiple things going on in this Other Revenue Reimbursement category. She added that Planned Use of Fund Balance, Other Financing Sources for the Capital Lease and Police Services Settlement revenue all fit into this category. She went on to say that when you net those three items together that is how you get the shortfall. Comm. Dan Smith stated that the projected shortfall was a good step.

Comm. Turner stated that the original ending projection for the general fund balance was \$14,225,297. Tina Gavalier clarified that that number was the projection of the 2nd Quarter. Comm. Tuner asked what the new projection was. Tina

Gavaliere responded that it was \$14,333,528. Comm. Turner asked if this new number meant that the County was doing approximately \$100,000 better than they had in the 2nd Quarter. Tina Gavaliere reminded the board that Administration budgets the planned use of funds balance, which is not a normal process for the County so those funds were budgeted in the Other Revenues and Reimbursement category. She went on to say that the difference between the 2nd and 3rd Quarter Budget Update was subjective and came down to presentation. She encouraged the board to look at the budget resolution on page A-2 where they could see that the 2nd Quarter projection listed Other Revenues and Reimbursement at \$4.1 million which included the \$2.9 million. She added that on page A-3 the \$2.9 million was shown beneath Net Revenues and Expenditures of \$1.8 million because that revenue included the \$2.9 million. She stated that the county did approximately \$100,000 better in the 3rd Quarter than the 2nd but that that difference came down to how the funds are highlighted. She finished by saying that revenue would never be received and the shortfall was for \$2.9 million. Comm. Turner stated that the County was doing slightly better in the 3rd Quarter. Tina Gavaliere reminded him that the County was still dipping into general fund dollars. Comm. Turner stated that a budget was not balanced if it required you to take money out of savings. He finished by reporting that a budget is balanced when expenditures match revenues.

Report of the Chair of the Board

Comm. Conan Smith stated that the board would reconvene for the next meeting after a fifteen minute break following adjournment.

Items for Current/Future Discussion

None

Citizen Participation

Dr. Douglas Smith picked up where his last turn left off. He stated that paragraph one of the law does not apply to the sheriff in his opinion. He went on to say that there had to be a balancing test for exemption. He stated that the affidavit provided as a balancing test is not relevant. He reported that the only relevant information was that the video tape existed prior to the investigation. He finished by asking for board action.

Jenny Paillon, Operations Director for HSHV, stated that there was no transparency on the behalf of HSHV. She noted that what the county pays for is not a gift it is a set of services. She went on to say that the 500k contract that was in place was never enough. She then said that HSHV was not in the position to take on the responsibilities of the sheriff's office. She stated that HSHV wanted to continue open dialogue with the County.

Mark Heusel, Vice President of HSHV Board, stated that he felt there was common ground between the mission of the county and the HSHV. He said that he was surprised by how passionate the commissioners were. He went on to say that there was a communication gap regarding what the contract entails and what it will mean for the future. He acknowledged Comm. Rabhi's request for numbers regarding cost per-animal. He reported that the board of HSHV was ready to talk with the County about their continued relationship.

Jerry Clayton, Sheriff of Washtenaw County, stated that moving the money into the sheriff office budget does not change the situation. He went on to say that there are still services that need to be delivered. He stated that he has questions about all of the services that HSHV and the mandated services. He noted that the county and the sheriff have different mandates. He went on to say that he wanted to be sure that both mandates are met. He asked for an itemized list of HSHV services so that it could be checked against the mandates. He said that it would be necessary to go through that process before having a discussion about providing a level of service that exceeds the mandates.

Kelly Schwartz listed the people present at the HSHV meeting the day before. She then listed what several Michigan counties pay for their animal control costs.

Caryette Fenner stated that she was disappointed in the conversation that was held by the board. She noted that some county employees made sacrifices that they could not afford to make. She stated that the commissioners did not hear the complaints from the employees who could not afford increasing health care costs.

Thomas Partridge, physically challenged Washtenaw county democrat, requested that the county commissioners make appropriate accommodations for the physically challenged who attend the board meetings. He called on the board to take the budget back to the drawing board until such time as additional resources are found. He stated that the current budget was a denial of civil rights.

Commissioners Follow-up to Citizen Participation

Comm. Rabhi stated that he appreciated the sheriff's comments. He reported that he would like to work with the sheriff on this issue. He went on to say that he appreciated the sheriff's comments about examining the metrics of HSHV. He responded to the first commenter by saying that he would like to see a breakdown of the costs on a per-animal basis. He thanked Mr. Heusel for his speech and his willingness to work with the board.

Comm. Peterson thanked the HSHV for setting the record straight. He commended the sheriff for explaining his position. He noted that handicap accessibility needed to be evaluated by a non-county expert. He stated a desire to set the record straight concerning this issue. Comm. Bergman stated that the WCHO checked through this county, not only the ramps but also the doors and changes were made to how long the doors stay open. She noted that she was glad to hear what other counties pay for animal control. Comm. Peterson stated that it is always appropriate to check handicap accessibility.

Pending

None

Adjournment

Comm. Turner seconded by Comm. Prater moved that the meeting be adjourned until November 16th, 2011 at 6:30 p.m. Motion carried.

The meeting adjourned at 10:10 p.m.

Rolland Sizemore, Jr., Chair

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

APPROVED: