



WASHTENAW COUNTY BOARD OF COMMISSIONERS

WAYS & MEANS COMMITTEE

September 21, 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, Gunn, Peterson, Ping, Prater, Rabhi, Conan Smith, Dan Smith, and Turner.

MEMBERS ABSENT: Comm. Judge

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; Cheryl Perry, County Administration; Jason Brooks, Clerk's Office; various citizens; and members of the press.

Roll Call

Citizen Participation

None

Commissioner Follow-Up to Citizens' Participation

None

New Business:

A. Public Safety & Justice

1. Sheriff:

a. Annual Secondary Road Patrol (SRP) Grant:

Comm. Prater seconded by Comm. Rabhi moved to recommend that the Board of Commissioners approve the resolution ratifying the signature of the Chair of the Board to the Michigan State Police, Office of Highway Safety for the period of October 1, 2011 through September 30, 2012 to provide additional road patrol on secondary roads and in state and county parks and to support personnel costs for 3.0 FTE deputy positions plus vehicle and operating expenses be adopted.

Roll call vote: YEAS: 10 NAYS: 0 ABSENT: 1 (Comm. Judge). Motion carried.

2. Prosecuting Attorney:

a. Annual 2012 Cooperative Reimbursement Program (CRP)

Comm. Prater seconded by Comm. Rabhi moved to recommend that the Board of Commissioners approve the resolution ratifying the electronic submission of the grant budget to the Michigan Department of Human Services for the period of October 1, 2011 through September 30, 2012 to provide partial cost reimbursement for Prosecuting Attorney expenses as they relate to prosecuting and/or nonpayment of child support cases; and establishing paternity be adopted.

Roll call vote: YEAS: 10 NAYS: 0 ABSENT: 1 (Comm. Judge). Motion carried.

3. Trial Court – Friend of the Court:

a. Annual 2012 Cooperative Reimbursement Program (CRP)

Comm. Prater seconded by Comm. Rabhi moved to recommend that the Board of Commissioners approve the resolution ratifying the electronic submission of the grant budget to the Michigan Department of Human Services for the period of October 1, 2011 through September 30, 2012 to provide services to residents who are seeking to establish paternity and/or child support orders be adopted.

Roll call vote: YEAS: 10 NAYS: 0 ABSENT: 1 (Comm. Judge). Motion carried.

B. County Administration

a. 2012/13 Recommended Budget

Report of the Administrator:

Verna McDaniel presented the recommended budget to the board.

Comm. Rabhi thanked the presenters for their presentation and for the work that they have done. He took the opportunity to thank county employees for their sacrifices and reported that he wanted to be sure that a thank you was made to the employees of the county.

Comm. Gunn thanked Verna McDaniel and McDaniel's staff for their hard work. She stated that the end of County Revenue Sharing was going to pose a huge challenge for Washtenaw County. Gunn went on to say (referring to a plan by Gov. Snyder to reform Personal Property Tax) that Personal Property Tax goes to cities and townships. She urged the audience to encourage state government to not change the law because she worries that Government services would be lost.

Comm. Prater stated a desire to see where the structural changes to the budget had been made. He questioned why administration was projecting increases in the budget for both 2014 and 2015. Verna McDaniel reported that expenditures had been expected to increase because her team was expecting an increase in benefits, including step increases and healthcare costs, and that when these items were taken into consideration with an expected decrease in revenues due to the end of the County Revenue Sharing Program her team had thought it reasonable to expect the County to run a small deficit in the future. McDaniel added that it would be remiss to assume that there would be no increase in expenditures whatsoever. She clarified that the way the budget was laid out the assumptions that were made were if nothing was done to change the course of the County finances then this is where things could end up in a couple of years. Kelly Belknap stated that it was important to remember not to compare 2011 and 2012 but to look at what the projections for 2012 were and what the budget will end up actually being for that year. Comm. Prater stated that he had an issue with the projections being made. He questioned why the expenditures were being projected at a rate that was much higher than the revenues. Verna McDaniel stated that the projections were not "wild" and that it would be problematic for the county if projections were made for the best case scenario and not the worst case scenario.

Comm. Dan Smith asked the presenters to explain some of the figures on p. 47 of the presentation. He stated that it seemed as if the County was moving from one disaster to the next with the end of County Revenue Sharing and the reform of Personal Property Tax. He asked if the end of County Revenue Sharing was responsible for the \$8 million loss of revenue from 2013 to 2015. Tina Gavalier of the Finance Department confirmed that the end of the program would cost the County approximately \$6.8 million during that time frame. Gavalier added that part of the reason expenditures were increasing after 2013 was that union contracts would expire that year and so they had assumed that many union employees would receive their step increases then. She went on to say that it was possible longevity would be reinstated and that they had included healthcare costs when they made the projections for expenditures.

Comm. Conan Smith thanked the team that worked to put together the proposed budget. He stated a desire to make clear some of the confusion that Comm. Prater had been experiencing. Comm. Conan Smith reported that the projections the County makes for revenues are actually very accurate. He went on to say that the projections made for 2010 were off by less than 1% and in 2011 the projections were off by 1.5%. Comm. Conan Smith stated that the projections made for the expenditures were deliberately inaccurate. He went on to say that the reason for that was that the projections were made on the assumption that the board was not going to make changes to the County's financial situation. Comm. Smith went on to say that the board would be making changes in order to present a balanced budget, so in effect the projections for the expenditures represent the worst case scenario.

Comm. Ping stated a desire to provide the County Administrator with a list of questions that the Administrator could provide answers to at a later date. Referring to p. 19, Comm. Ping asked for a list of the things that the county can no longer afford. She then stated that she would like to see what percent was used to determine increased fees and services on p. 25. She also wanted to know where the \$548k had come from. Comm. Ping wanted to know how much of an increase Ann Arbor Spark had received. She wondered why the 2013 budget went down only 2 million if there had been 17.5 million that had been cut in 2011. Kelly Belknap responded that it was important to remember that the numbers provided in January had been a projection of what was expected to occur in 2011 not actual figures and so that was where the \$17.5 million had come from. Belknap goes on to say that the numbers provided in this session compare how the projections stack up to the actual numbers. Comm. Ping stated that she didn't understand why the deficit appeared to be so large. Comm. Conan Smith responded to Comm. Ping's queries saying that it was important to remember that the way the budget was drawn was that there was a projected increase in expenditures. He went on to say that as an example; if the labor unions had not come to the table and made concessions then the County's costs would have been significantly higher. At the same time that costs would have been increasing the County's revenue is dropping. Comm. Conan Smith stated that the \$17.5 million is the difference between the increased cost and the decreasing revenue. He goes on to say that the commissioners will not see the \$17.5 million reflected in the budgets for the upcoming years because it is just a projection

Comm. Bergman thanked the union for the work that they did. She went on to state a desire to examine the commissioners' budget. Comm. Bergman reported that it may be necessary for the commissioners to make some sacrifices of their own.

Comm. Turner thanked the presenters for their efforts and the staff for making sacrifices. He also thanked Comm. Conan Smith for clarifying the budget. Comm. Turner stated that if the Board of Commissioners had done nothing about the budget then the deficit for 2013 would have been \$17.5 million. He pointed out that the budgets for 2014 and 2015 were going to be the next big challenge facing the Board of Commissioners. Comm. Turner stated that if revenues do not increase for the county then the board will have to figure out a way to cut \$26 million out of the budgets of the next two years. He expressed a hope that the state's economy will pick up and that property values will increase but said it seems unlikely that those two things will prevent the board from having to make more cuts. Comm. Turner stated that the board is going to have to look ahead, start to think about the upcoming budgets and begin to define its priorities because unless revenues increase the board is going to be looking at an even smaller County budget.

Comm. Peterson stated that he appreciated Comm. Prater's comments. He went on to state that it was the responsibility of elected officials to balance the budgets of the municipalities that they serve. Comm. Peterson stated a desire to know when the board would meet to break down the budget before passing it. County Administrator Verna McDaniel responded to Comm. Peterson's question telling him that there would be a meeting the next day (9/22/11) to discuss how the budget decisions were made. She went on to say that the Working Sessions are designed to allow the commissioners to ask questions. Comm. Rabhi added that the Working Session would feature, in addition to the presentation regarding budgetary decisions, a board discussion about which pieces of the budget should merit further discussion and examination. He went on to say that the rest of 2011's Working Sessions have been set aside as time to talk about the budget and that hopefully that will provide an adequate forum for most of the discussion on this issue. Comm. Peterson stressed the importance of the board making fiscally sound decisions. He addressed Comms. Bergman and Turner's statements on Comm. Pay saying that he did not believe that the Comms. were overpaid and that fat should be trimmed from everywhere not just the Comms. compensation.

Comm. Sizemore stated a desire to examine the issue of part-time employees. He also wanted to know why, if Headstart had been eliminated, the County was not saving more money. Verna McDaniel responded saying that was information that could be provided to the Commissioner. Comm. Sizemore questioned why there had not been anything about cutting travel expenses in the budget. Verna McDaniel replied saying that there had been an effort not to make across the board cuts, which is why travel expenses had been left alone. She stated that the budget team had focused on making as many strategic cuts as they could.

Comm. Rabhi stated that he was delighted to hear so many questions and comments from his fellow Commissioners. He reported that one of the first things he had noticed about the budget was the projected deficits for 2014 and 2015. He expressed relief that 80% of the cuts to the budget had been structural because if those structural cuts had not been made then the projected deficits for 2014 and 2015 would be much higher. Verna McDaniel responded by saying that when the projections for the 2010 budget had been made the projected deficits had been much higher than what the board faced for 2011 so the County was in relatively good shape. She went on to say that as fixed costs are reduced there is less and less worry about the County needing to cut important projects. Comm. Rabhi expressed a desire to know how many real jobs had been cut in the reorganization. Verna McDaniel replied that there may have been one real job that was cut, but that most of the positions that had been eliminated were due to retirements and there had been one person who received a promotion. She went on to say that just because one person lost their job by no means meant that someone had ended up in the street because the County is very good at placing people after they leave here. Comm.

Rabhi stated that this was phenomenal news. He expressed a hope that there would be a time when the County could afford to fund those positions that had been eliminated.

Comm. Turner reported that it was important to remember that the County has a balanced budget because it has been tapping into its rainy day funds rather than taking it off the backs of the people. He stated that the rainy day fund is there but, the commissioners should remember that the fund is intended to protect the County against another drastic change made by the State.

Comm. Ping reported that she would like to see projections on the effect that Personal Property Tax Reform would have on the County. Verna McDaniel replied that she could provide those numbers.

Comm. Conan Smith requested that Verna McDaniel address the issue of unleashing the cap. Verna McDaniel reported that in order to absorb the cost of bringing on new employees all departments were being required to pay the full cost of doing business. She added that this change was reflected in the budget. Comm. Conan Smith stated that the way that this change would be reflected in the budget is that the budget would show a couple of departments whose budgets increased. He explained that these changes were predominantly due to the cap.

Comm. Prater commended Comm. Conan Smith for clarifying the budget. He questioned whether a request had been made to department heads asking for continuing decreases in their budgets. Verna McDaniel responded by noting that the budget team had met with each of the department heads individually where department heads had been asked to submit a list of their decreases in line item form.

Comm. Gunn pointed out that property tax value has risen for the last 70 years so it is almost impossible to predict their value.

Verna McDaniel stated that the goal of the budget team is to provide worst case scenarios because if best case scenarios are provided then the County may be forced to make horribly deep cuts.

Curt Hedger stated that in order to move this budget resolution forward the it will be moved from Ways and Means to the next Ways and Means but a Comm. will need to move it.

Report of the Chair of the Board

Comm. Conan Smith stated that the board would reconvene for the next meeting at 8:30.

Items for Current/Future Discussion

Comm. Sizemore stated that the board needs to examine professional services and office efficiencies in an effort to become more efficient.

Citizen Participation

Thomas Partridge, Democrat, Resident of Washtenaw County and Ann Arbor, stated that he stood before the board to advance the cause of the residents of the County who were most needing and deserving of Government services. He encouraged the Democrat Commissioners to expand County Services with assistance from both the State and Federal Government. Mr. Partridge reminded the board that in his opinion Pres. Obama was standing up for the needs of the majority of Americans by calling on citizens to support the idea of increased tax rates for those who are able to make a very high income in the U.S.A. He then admonished the Democrat Commissioners for failing to pass a single proposal that would increase County revenues.

Shirley Beckley, parent, grandparent, Headstart volunteer, requested that the board, in laymen's terms, speak on whether or not Headstart had been cut from the budget or if its status was being reconsidered. Verna McDaniel responded by letting Beckley know that she was welcome to attend any public meetings and then followed that by saying that the recommendation had been to discontinue being the Headstart grantee.

Caryette Fenner, President of AFSCME 2733, expressed concern that some non-union county employees may receive 15k. She went on to say that she would appreciate being brought into the loop concerning County Reorganization. She finished by urging the board to see if there was something that could be done to help Headstart.

Commissioners Follow-up to Citizen Participation

Comm. Sizemore stated that Headstart is a great program and that the board will examine all of its options but thinks that ultimately what will happen is that the program will just find a different grantee.

Comm. Conan Smith stated that there is a budget meeting on October 19 that would be a great opportunity for citizens to come and talk about specifics of the budget. He encouraged the audience to engage their commissioners on budget issues. Comm. Conan Smith then moved the start of the next meeting to 8:40.

Comm. Rabhi encouraged administration to communicate more with the unions. He expressed a hope that the cross lateral team will improve communication.

Comm. Peterson expressed hope that the chair will entertain conversation regarding Headstart.

Pending

None

Adjournment

Comm. Prater seconded by Comm. Conan Smith moved that the meeting be adjourned until October 5th, 2011 at 6:30 p.m. Motion carried.

The meeting adjourned at 8:30 p.m.

Rolland Sizemore, Jr., Chair

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

APPROVED: