

## BUDGET PREPARATION, POLICY & ISSUES

This section is designed to give the reader a comprehensive understanding of the thought process behind the preparation of Washtenaw County's 2012/13 biennial budget.

- **Budget Process Overview** – Beginning on this page, a general overview of the budget process is discussed, laying out the major stages, components and timeframe for the completion of the budget. Followed are the mission, priorities and principles used in the development of the 2012/13 budget, a review of the budget documents created and the realities of the budget following adoption.
- **Business Improvement Process** – The Business Improvement Process (BIP) has transformed Washtenaw County into an organization that focuses on accomplishments, improvements and measures. A discussion of how the BIP began and how it informs budget discussions begins on page 47.
- **The 2012/13 Planning Process** – An overview on the county's approach to business and strategic planning and how it framed the 2012/13 budget development begins on page 54. This section outlines the major issues and the strategic initiatives underway within the county to help move the organization towards its vision to create a World-Class Community. There is also information on the major financial constraints that had to be dealt with in the 2012/13 Budget and how they impacted the final budget (page 57 through 69).

### BUDGET PROCESS OVERVIEW

Washtenaw County's fiscal year begins January 1 and ends December 31. Preparation for the county's biennial budget encompasses a period of over ten months every two years, with the majority of work being completed during February through November. Many factors influence the direction of the budget, most notably the economy and outside funding levels, the priorities of the Board of Commissioners, vision of the Administrator and needs of our customers. Each two year budget process is unique given the internal and external influences. Some core elements always remain, but given the severity of the projected budget deficit and the previous cycle's challenges, the 2012/13 cycle required a different approach than what had been used in the past.

The budget process begins with a review of the financial state of the county and a determination of revenue projections. The fiscal capacity of the organization sets the stage for the entire process. Personnel cost projections are calculated and indirect service costs for user departments are developed. Information on the budget process is made available on the internal website so everyone understands the direction for the organization and what is expected of them throughout this process. Information sharing about key organizational and fiscal issues is conducted with the Board of Commissioners, including a review of mandated and non-mandated services. Base budget reviews are held with departments for a discussion on their current operations and resource needs. Normally, the base budget assumes we maintain the current operations into the future without major adjustments or enhancements. Due to the economic realities impacting county revenue projections and past reduction history, budget reductions targets were developed for each department head and elected official. Through evaluating current operations, service delivery, and historical expenditure trends, each department head and elected official made determinations on where the reductions

could be made and these changes are included in the Administrator’s recommended budget. A final balanced recommended budget is developed and presented to commissioners in September. A public hearing is held with opportunities for citizen participation throughout the three months of budget deliberation by the Board of Commissioners. Throughout this entire process, discussions with the county’s 17 different employee bargaining units ensued in an attempt to realize savings through modifications in wage and benefit levels.

**BUDGET PROCESS CALENDAR**

The following shows the timeline used for the 2012/13 budget process within Washtenaw County:

<b>Major Milestone</b>	<b>2011 Dates</b>
<b><u>Kick Off</u></b>	
Preliminary Financial State of the County Presentation to BOC	January
BOC Adoption of Calendar & Guidelines	January
BOC and Administration Define Roles & Responsibilities	January
Distribution of Instruction Manual “Toolkit” for Organization	February
<b><u>Organizational Planning</u></b>	
BOC Priority & Goal Setting	January – April
Organization updates Business Plans	March – April
<b><u>Budget Development</u></b>	
Budget Preparation with Finance and Organization	March – April
2011 Equalization Report	April
Revised Financial State of the County Presentation to BOC	May
Meetings with Administration, Finance and Organization to Review Business Plans, Budget Preparation Materials & Define Budget Targets	May – June
Development of Administrator’s Recommended Budget	July – August
<b><u>BOC Review &amp; Adoption of Budget</u></b>	
Presentation of Administrator’s Recommended Budget	September
Ways & Means Deliberation on Budget	September – October
Public Hearing on Budget	October
Adoption of Budget	November

The following shows the focus areas for Elected Officials and Department heads:

Month	Recommended Focus Areas
January – February	<ul style="list-style-type: none"> <li>• Completion of Mandated / Discretionary Services</li> <li>• Review &amp; understanding of Preliminary Financial State of County</li> <li>• Participation in Group 180</li> <li>• Allowing staff to attend Town Hall Meetings</li> <li>• Review of BOC Retreat Discussions</li> </ul>
March	<ul style="list-style-type: none"> <li>• Review Budget Instruction Manual</li> <li>• Begin working with Budget Office on business plan and line item budget preparation</li> </ul>
April	<ul style="list-style-type: none"> <li>• Review of 2011 Equalization Report</li> <li>• Work with budget staff to finalize business plans and line item budget joint recommendation in preparation for meetings with Administration</li> <li>• Begin development of potential budget solutions to meet budget targets</li> </ul>
May	<ul style="list-style-type: none"> <li>• Review &amp; understanding of Financial State of County</li> <li>• Meet with Administration to review business plan &amp; line item budget proposals, set budget targets &amp; discuss options for department changes (scheduled in June where necessary)</li> </ul>
June - August	<ul style="list-style-type: none"> <li>• Provide further information and opinions on budget options as requested</li> <li>• Ask questions regarding budget decisions as they are communicated</li> <li>• Update business plans for service changes as required based on recommended budget</li> </ul>
September - December	<ul style="list-style-type: none"> <li>• Review, understand and provide support for recommended budget</li> <li>• Tune in to BOC budget deliberations</li> <li>• Assist with the implementation of labor and organizational changes</li> <li>• Update business plans based on adopted budget</li> </ul>

## BUDGET MISSION, PRIORITIES & PRINCIPLES

The county has been in a mode of reducing the cost of doing business for years. This budget cycle, much like the last, is filled with significant economic challenges, and resources are decreasing as the public need and demand for services continues to increase. The budget must balance the short-term and long-term needs of the community and the organization. A mission statement for the Planning Process was developed reflecting this need:

***To provide the best services, the right services, in the most cost effective manner possible***

It was desired that the county hold true to its role as the “safety net” for vulnerable citizens, while at the same time strategically investing in the community for long-term wellness. This is a challenge with limited and declining resources, and with demands for services growing. The Board of Commissioners provided several “decision principles” to help manage the recommended budget reductions within this mission. The priorities include:

- Impacts and outcomes drive investment priorities
- Services are delivered optimally by the right provider
- Social and financial returns on investment are calculated, articulated and balanced
- Both immediate needs and root causes are strategically addressed
- Programs are evidence and performance-based
- Mandates that support outcomes and impacts are better funded

In an attempt to carry out these priorities, and especially to find alternatives to save services and jobs, several budget reduction principles were laid out for the organization and used in the budget discussions:

**Revenue Generation** – *Pursue opportunities to maximize revenues to return to long-term fiscal stability*

**Organizational Changes & Baseline Reductions** – *Demonstrate that we are operating our programs as efficiently as possible; determine the best organizational structure, including level of management to carry out our businesses*

**Outside Agencies**– *Community collaboration with private, non-profit and public organizations to maintain services to our residents*

**Employee Compensation & Benefits** – *Work with our union partners to identify ways to reduce the county costs for personnel*

## BUDGET DOCUMENTS

County Administration and the Budget Office work to ensure that there is clear and open communication during the entire budget process. Years ago, these communications were formal documents provided to each county program leader. The county has moved to making the entire process transparent on the intranet site for all county employees to review. Much of this same information is also available during the budget process on the county’s public website, [www.eWashtenaw.org](http://www.eWashtenaw.org). The Administrator provided timely updates with links to the key documents being generated throughout the process, along with monthly newsletters that convey the latest issues to the organization. The entire process is then documented in the biennial Budget Summary publication, first in a preliminary version for presentation to the Board of Commissioners as part of their

budget deliberation with information based on the Administrator's recommended budget, and then in a final form incorporating any budget modifications made by the Board in the adopted budget.

## **BUDGET ADJUSTMENTS**

After adoption of the budget by the Board of Commissioners, the budget resolution becomes a legal guideline for county fiscal operations. The Board adopts the budget both by fund and by fiscal activity within funds, and approves specific position modifications. The Board also sets specific written policies/procedures/rules for a variety of operating activities such as budget adjustments, position modifications and limitations on certain line items. Adjustments to the budget can be made one of two ways: either through a Board resolution or an inter-departmental transfer. Generally, Board resolutions are necessary when a budget adjustment involves an increase or decrease in revenue or movement between county funds or organizations. The County Administrator is authorized to make adjustments in budgets not to exceed 10% of a total program or \$100,000, whichever is less, with the exception of Unearmarked Reserves which must go to the Board of Commissioners for approval. Budget monitoring is done monthly, with quarterly or as-needed updates to the Board of Commissioners.

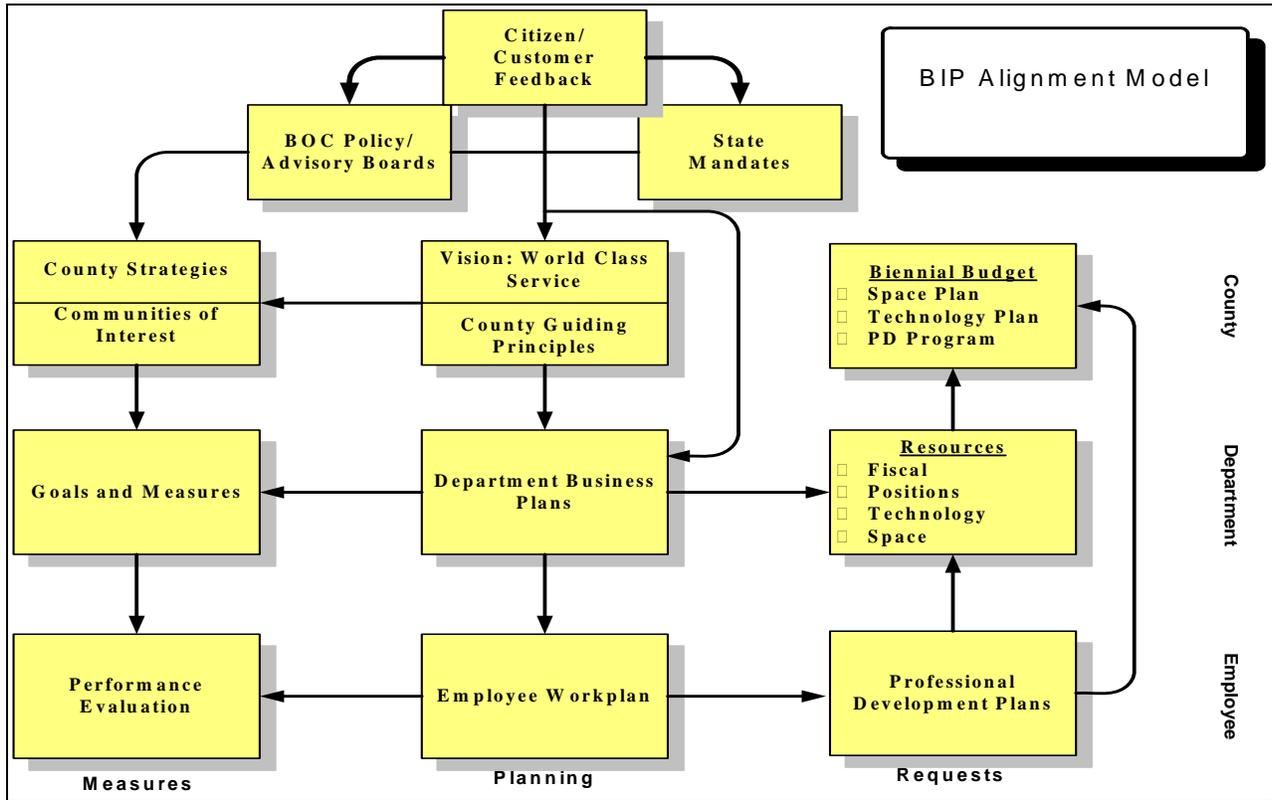
## **WASHTENAW COUNTY'S STRATEGIC FRAMEWORK THE BUSINESS IMPROVEMENT PROCESS**

The Business Improvement Process originated during the development of the 1996/97 Budget and grew out of the need for transformation in Washtenaw County government. The purpose of the Business Improvement Process is to ensure the maximum level of efficiency and effectiveness in the provision of services to Washtenaw County residents. This is accomplished through the comprehensive alignment of resource allocation, collaborative program efforts, efficient processes, and a well-trained, well-equipped and motivated workforce.

The goals of the Business Improvement Process are to:

- Develop a budget process that ensures resource allocation based on outcomes
- Ensure county-wide alignment through the use of business plans with performance measures
- Equip the workforce by providing resources, training, direction and employee involvement
- Develop measures that support the County Guiding Principles
- Focus on customer satisfaction
- Become a learning organization that focuses on using data to drive decisions

To accomplish these goals, to better serve customers, and to improve internal operations, the county established an alignment model. This alignment model includes all aspects of the business improvement process and ensures that any new improvement projects are supported by the direction given by the Board of Commissioners, the State of Michigan, and direct interaction with the citizens of Washtenaw County. This alignment model also helps to show how individual efforts at the employee level will advance the goals and operations at the department level and how departmental goals support organization-wide initiatives.



**Diagram A – Washtenaw County Alignment Model**

This is the model used in the development of the framework for the county’s budget development and biennial Planning Process. The concept that distinguishes Washtenaw County’s alignment model from others is the departmental business plan and understanding the services performed and the outcomes they generate, which serves as the cornerstone of the alignment model and the budget process. Departments continuously engage with their customers, improve the provision of state mandates, and implement Board policies which then feed into the discussions about resources. These business plans include all of the county’s operations and detail what is being accomplished for the customer as a result of our operations.

## THE 2012/13 PLANNING PROCESS

### IDENTIFYING WHAT WE NEED TO DO

The first or foremost element of the alignment model is to identify what we must do. These should be the drivers of the operating plan and resource allocation. This includes learning from our customers, understanding our legal mandates, and input from the Board of Commissioners. An overview of the steps the county has taken in each of these three areas is provided below.

## **GATHERING CUSTOMER FEEDBACK**

During the past decade, Washtenaw County has transformed the way it conducts business to focus on customers. This is evident in the county's adoption of the philosophy of the balanced scorecard approach. Details on the balanced scorecard can be found on page 52 of this section. The basic premise is that there are multiple tiers of cause and effect relationships that lead to our desired outcomes. When used in the private sector, making a profit is generally the desired result. In its role as a public service provider, it is quality customer service that is the driving force for Washtenaw County. Many initiatives over the past decade have focused on assisting the organization with enhancing customer service. Each department and elected office measures customer satisfaction in a different manner. Some through surveys, focus groups or advisory committees, others through a review of outcome measures and many through direct interaction with customers. Each department head and elected official brings knowledge of the needs of the customer into the discussions for resource allocation.

In addition, the county established priority service area groups (formerly known as Communities of Interest) leading up to the 2004/05 budget development. The chief component of these groups is to take a comprehensive and systematic look at our common customers and the services that we provide throughout the county. Success requires active and established partnerships with other local units of government, the not-for-profit sector, as well as for-profit enterprises that share common customers. These efforts help to shape service delivery within the organization and to strategically re-think and nurture Washtenaw County's relationships externally. The following service area groups include several departments internally, as well as external partners. For the purpose of the planning process, the question for Washtenaw County was how to best improve county government to achieve community impact externally. So, while the phrase "service area groups" includes community partners, for the purposes of this document the term refers primarily to the departments within Washtenaw County who share similar customers and/or similar processes. The following service area groups have been established:

- Civic Infrastructure
- Economic Development
- Emergency Preparedness & Response
- Health & Human Services
- Land Use & Environment
- Public Safety & Justice
- Support Services

The service area groups should not be thought of as discrete enterprises, as they overlap in many cases. Nor should they be thought of as collectively exhaustive. Many departments have a significant customer base that is mandated in many cases but does not fit neatly in one of the above categories. These customers are just as important to the Board of Commissioners. However, service area groups serve as a useful framework to strategically re-think how county government operates. Each of the service area groups held meetings throughout the process to identify opportunities and to understand the impact that a change in one area would have on the entire system.

## **BOARD OF COMMISSIONERS**

Members of the County Board of Commissioners are elected every two years and represent members of a district. The eleven commissioners collectively represent the interests of Washtenaw County's 340,000

citizens. Board members are elected to establish policies for the county, oversee the appropriate provision of mandated services, and represent the needs and concerns of their districts.

Washtenaw County also has a variety of advisory boards and commissions that are either established by statute or are created by the Board of Commissioners to handle specific areas of expertise or are established by other elected officials or departments to advise on policy and customer service. In total, there are approximately 70 such boards, commissions, committees, and advisory councils that meet to either advise the Board on policies, advise departments on service delivery, or otherwise manage operations and resource allocation. A comprehensive list of these boards and commissions can be found on our website, [www.eWashtenaw.org](http://www.eWashtenaw.org).

One of the Board's mandated responsibilities is to adopt a balanced budget every year and its development is time consuming and detailed – a major commitment for the Board and the Administrator's staff. Since 1994, Washtenaw County has produced a biennial budget that includes funding decisions and priorities for a two-year period. The benefits of this are that it encourages a long-range approach to funding decisions and it allows for greater focus in implementing Board priorities in off-cycle years. A balanced budget is proposed in the off-budget years as well, but this is usually a less intensive undertaking.

## SETTING A FUTURE OF WHAT WE WANT TO ACHIEVE

### COUNTY VISION AND GUIDING PRINCIPLES

Among the most important functions for the Board of Commissioners is to provide leadership and direction to Washtenaw County's 1300+ employees. The Board sets the future by identifying what the county will achieve and establishing the priorities of the community. As part of the 2012/13 planning development, the Board conducted a retreat in which commissioners reviewed prior priorities and discussed their current relevance. Members of the Board leadership assisted the County Administrator in employee Town Hall meetings as a way to listen to the organization about their needs and to help them understand the current reality. Community engagement sessions were conducted to listen to various citizen groups about their needs and the impact the county has on them and their customers. In addition, several information sessions were conducted with the Board throughout the months of February through August as another way to receive direction from the commissioners. These sessions included:

- 2012 – 2015 Police Services Recommendation
- Act 88 Update
- Coordinated Funding / Outside Agency Allocations
- County Health Ranking
- Employee Compensation & Benefit Levels
- Employment Training & Community Services/Community Development/Economic Development & Energy Reorganization
- Full Faith & Credit Policy
- Head Start Program Transition
- Intergovernmental Collaborations
- Labor Relations and Strategy
- Redistricting
- Space Plan

- Staff and Community Engagement on Budget Issues

The County Administrator used the direction provided throughout these interactions when working with the organization in the budget development and in day-to-day operations. This assists in building the culture of the organization. This leadership is captured in the county's vision and guiding principles. The county vision states that:

*Washtenaw County will be a world-class service provider*

This vision for Washtenaw County was established in 1998 as a challenge for what excellent public service could be. A part of this vision is driven by a need to shape our organization around our customers. That vision is a picture of any citizen walking into any county building for any reason and getting excellent service while increasing our capacity to provide services to our customers through the internet and other modern tools.

Since 1998, this vision has evolved into one that goes beyond our capacity to provide services in a courteous way and being prompt and efficient in our transactions with the public, to a vision that inspires each employee to identify opportunities to change the way we do business to positively impact the community. It is a shift in a vision representing "World Class Service" to a belief that the county can create a "World Class Community." This is a vision that understands the complexity of the issues facing our customers. Additionally, this is a vision that seeks solutions and finds them in this diverse and resource-rich community, and seeks to impact the overall quality of life for all county citizens. Departments have been challenged to adjust their visions to express how they will impact the quality of life for county residents.

The County Guiding Principles were extracted from this vision, and provide the framework for the day-to-day operations of the county. All program outcomes in the departmental business plans must contribute to one or more of the following Guiding Principles.

#### **County Guiding Principles**

- 1. Ensure long term fiscal stability for the county**
- 2. Reduce the cost of conducting the county's business**
- 3. Enhance customer service**
- 4. Provide the necessary knowledge, skills and resources to county employees to carry out these principles**
- 5. Ensure adequate provision of mandated services**
- 6. Focus on the root causes of problems that affect the quality of life of county citizens by aggressively pursuing prevention strategies**
- 7. Provide leadership on intragovernmental, intergovernmental and intersectoral cooperation and collaboration aimed at improving services to county citizens**

Diagram B (on the following page) illustrates how the Guiding Principles and the vision have been adapted into a balanced scorecard approach, as shown in the context of four key business perspectives. The customer perspective on the top tier reminds us that the only reason we are in business is to serve the citizens of Washtenaw County, and everything we do should enhance the service we provide to our customers. The middle tier identifies our operations, or what we do on a day-to-day basis, as well as ensure fiscal stability. The foundation of the vision, as pictured in the diagram, is designed to ensure the long term fiscal stability of the county and to equip employees with the necessary knowledge, skills and resources to do their jobs well.

The Guiding Principles are placed in a format consistent with the Balanced Scorecard model, developed by Robert S. Kaplan of Harvard University. This format helps identify cause and effect relationships. The arrows on the diagram represent the cause and effect relationships that exist between all of the business perspectives and therefore, the Guiding Principles and vision. When employees are properly equipped, operations are more efficient, which in turn facilitates the county's ability to provide world-class service to our customers.

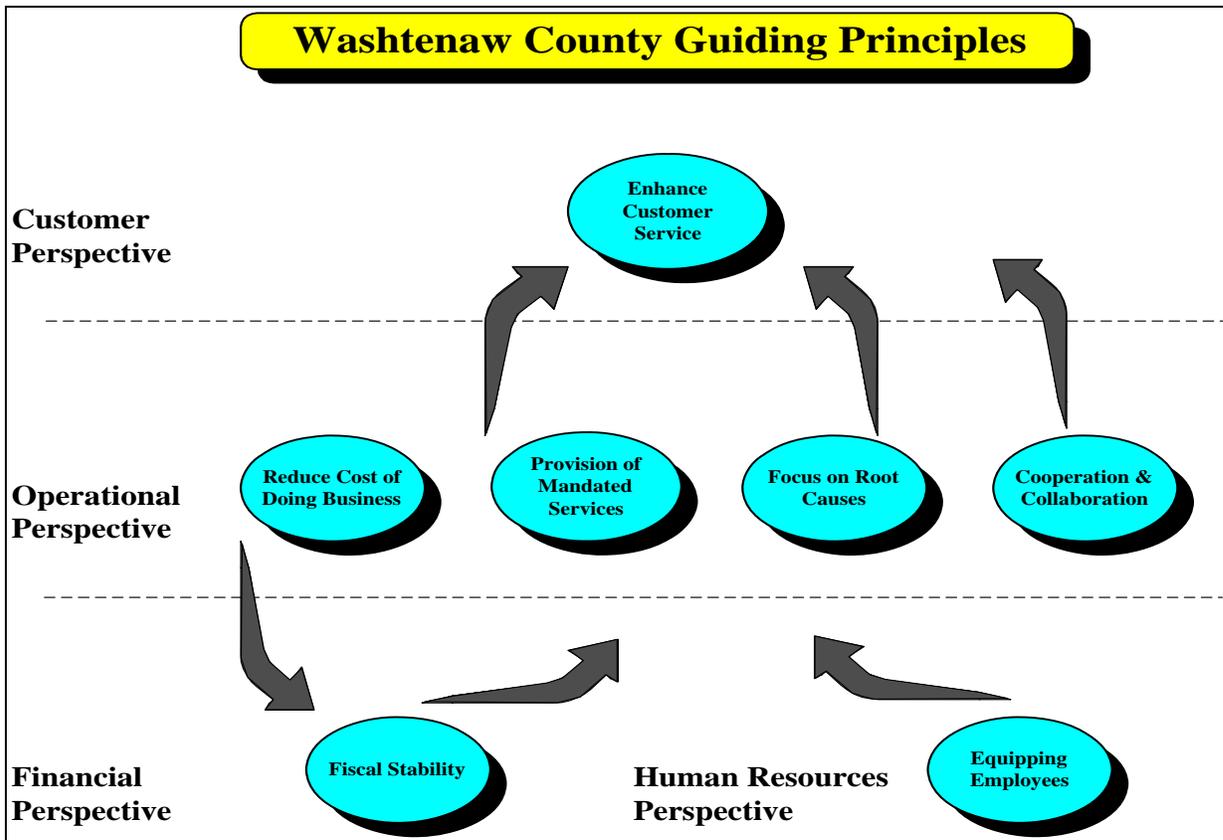


Diagram B - County Guiding Principles in the context of the Balanced Scorecard

**ASSIGNING RESOURCES TO BUSINESS OPERATIONS**

The cornerstone of the county alignment model is the business plan. Each department has a business plan that involves identifying the processes, outcomes, measures and data sources, timing and accountability for each program.

The county's business plans attempt to:

- Integrate strategic planning with day-to-day operations
- Help us become more customer oriented: the first question at the program level is “who are your customers?”
- Help us become results-oriented
- Ensure alignment at three levels of the organization: process, program and policy
- Provide a powerful database to manage the organization

Each element of a department's business plan answers questions about that department's services. The departmental business plans that appear in the Departmental Summaries section are a brief synopsis of each department's business plan. Due to the size of the information included in business plans, only an abridged version could be provided for most departments. Each department is challenged with answering a series of questions that correspond with the terminology below:

*Department Mission:* Why does our department exist?

*Department Vision:* What does world class service look like?

*Program:* What are the major services we provide?

*Customer:* Whom is this program designed to serve? Who else benefits from this program?

*Outcome:* What do we hope to accomplish for our customers?

*Outcome Measurement:* How can we measure whether the outcomes we desire are being reached?

*Outcome Target:* By what standard will we measure success?

*Process:* What key activities do we perform to achieve our program?

*Collaboration:* What other departments or outside agencies are essential to meeting our outcomes?

*Process Output:* What is the product or result of this process?

*Output Measurement:* How will we measure this production?

*Output Target:* How much of this output do we plan to produce?

Customer outcomes, state mandates, and Board priorities are all reflected in departmental business plans. Together, these plans measure success, detail all operations within the county, and estimate what each department will produce in the foreseeable future. Departments are challenged to always keep their business plan up to date, as administrative and Board review of business plans happens once every other year in alignment with the planning cycle.

The next step following the formation of the business plan is for management to assign accountability at the individual level to ensure that tasks get implemented. The employee work plan serves this function. Washtenaw County has combined professional development planning with individual work plans to enhance the identification of development needs and to heighten the relationship between the employee and supervisor into a partnership for developing the knowledge and skills necessary to achieve the outcomes of the department. Employees in all departments will have the opportunity to create a new individual work plan annually that highlights key objectives of the job, focuses on the critical target measures, and provides a basis for development of knowledge and skills for the year ahead.

The entire Planning Process leads to the development of the county biennial budget. As stated above, the planning components are critical to align the strategic direction with the county's limited resources. From the very beginning of the process, there is a strong focus on the fiscal capacity of the organization. While it is not desired for fiscal constraints to limit the strategic planning discussions, it is critical to understand the available resources when prioritizing these plans for inclusion in the budget. The fiscal capacity is updated throughout the process as new information becomes available.

## 2012/13 BUDGET DEVELOPMENT

The magnitude of the economic downturn has resulted in another development cycle focused on reductions for the 2012/13 budget. Attempts were made to be as strategic as possible rather than implementing across the board reductions. The county normally undertakes a layering approach to its budget development, with the departmental business plan serving as the basis for all budget discussions. This includes the development of a base budget which assumes constant service levels, followed by a discussion of service level changes to further the strategic plan of the operation and customer demand changes that have resulted over the past two years.

Beginning in March, each department met with the Budget Office to review their line item budgets and develop proposals for 2012/13 to submit to Administration. During this time, proposed adjustments to the budget were discussed based on current operating levels. This was different than in prior development cycles, because the current line item budget was not assumed as the starting point for 2012/13. Instead, each line item was subjected to a thorough review for relevance and need. Departments were asked to prepare line item budgets highlighting areas that could be reduced. The Budget Office worked on behalf of Administration as a consultant to each department to review historical data and perform analysis as necessary for developing proposed budget modifications. Line item budget recommendations which included proposed budget adjustments were drawn up and submitted to Administration as part of the budget target setting meetings held in May.

In preparation for this thorough budget review, each department received a “2012/13 Budget Preparation Packet” that contained everything needed for these discussions. The packets included the following information:

- History of budget reductions and additions, including the 2010/11 budget memos from Administration that outlined the agreed upon and BOC approved reductions
- 5 year history of expenditures by line item
- 2012/13 budget allocation report including 2010 actual amounts and 2011 budget
- 2012 preliminary salary projections with salary & fringe assumptions
- Temporary staff listing
- Contracts list
- Technology inventory list
- IT maintenance contracts for department specific software
- Fleet assignments
- Cost allocation plan

Below is an outline of each of these major elements, and the expectations for discussion and analysis:

### **History of Budget Reductions and Additions**

The budget office has been tracking the major modifications to each department budget for the past four years. It is important that the department understands and agrees with this historical analysis, as this report serves as a reference for determining current operating needs, and for establishing target budget reductions.

### **5 Year History of Expenditures by Line Item**

This report provides the past five years of expenditures for each business unit under the department’s accountability, including the current 2011 budgets at a line item level. This document is used to facilitate discussions about major historical variances, and to understand the budget levels needed for the future.

**2012/13 Budget Allocation Report by Line Item**

This report provides the 2010 year end actual, the 2011 current budget, and blank spaces for 2012 and 2013. This report can be used as a worksheet for the department to develop their requested budget, and to keep notes on the proposed modifications.

**Salary Projection Report**

These reports verify the approved positions (both filled and vacant) by business unit within the organization, and provide salary and fringe benefit projections at individual position level. As labor discussions are ongoing, the assumptions in the salary projections will be clearly documented and updated as needed if the labor assumptions change. All vacant positions are discussed to determine whether or not these positions will be necessary going forward. The salary projections also include any remaining hold vacant positions, which will be evaluated for permanent elimination as necessary.

**Temporary Staff Listing**

In addition to reviewing county permanent employees, a report on current temporary staffing allocations is provided. This report includes current hourly rates and associated fringe benefits. The necessary staffing levels are discussed and agreed upon as part of the base budget.

**Contract Listing**

This list includes all current contracts for each department business unit, including the vendor and dollar amount. Departments must explain why each contract is deemed critical, and discuss opportunities to renegotiate contract amounts.

**Technology Infrastructure Inventory List**

This list includes all technology allocations for a given department. A discussion about needed adjustments to the infrastructure allocations is incorporated into the base budget meetings.

**Information Technology Maintenance Contracts List**

A list of any department-specific software maintenance contracts is included to evaluate the continued need, and the level of support.

**Fleet Assignments**

A list of all current fleet assignments, including estimated costs and replacement timelines, is included to determine fleet lease, maintenance and fuel budgets.

**Cost Allocation Plan (CAP)**

A report will be provided outlining the current CAP assumptions for each department. Beginning with the 2012 budget, the county will no longer waive or freeze assessments under the Cost Allocation Plan. This will ensure consistency and fairness between all county departments. CAP charges will be fully allocated to all departments with discussions about structure between funding sources as part of base budget meetings.

**2012/13 BUDGET TARGET SETTING MEETINGS WITH ADMINISTRATION**

Administration strived to make the budget process as clear and simple as possible for the organization. One attempt to achieve this was through the publication of clear budget reduction targets. The Administrator declared four target areas in the Financial State of the County:

- Revenue Generation
- Department Baseline Reductions & Organization Changes
- Outside Agencies
- Employee Compensation & Benefits

A target of \$8.0M was established for department reductions across the organization, with an additional \$2.0M in revenue growth. To meet these organizational targets, the Administrator declared specific budget target amounts for each individual department. Department targets were based on the following factors:

- Levels of past budget reductions, as approved by the Board, including those that have not materialized in savings
- Alignment with BOC priorities and desired community impact
- Serviceability requirements
- Collaboration opportunities
- Potential to eliminate programs

These were not across the board reductions. The Administrator ensured equity in the process, but funding allocations varied department by department based on those factors outlined above. Departments were not asked to develop 5/10/20% reduction scenarios, as they did in the 2010/11 budget development process. Rather, ***Department Heads and Elected Officials had a responsibility for bringing proposals to administration on how these targets can be achieved within the desired outcomes.*** Any savings realized from the budget preparation work completed with the Budget Office, and agreed to by Administration, counted toward the department's targets.

Beginning in May and following the completion of the business plans and budget preparation work, departments and Administration met. The agenda for these meetings included:

1. Review department submissions on business plans and proposed line item budgets
2. Review the history of past board approved reductions, and discuss any reductions that did not materialize in savings
3. Discuss options for further departmental changes, including reorganizations, collaborations and service level changes
4. Discuss how proposed changes will impact business plan and ability to meet desired BOC priorities
5. Determine budget reduction target amount
6. Establish next steps and timeline

## **CAPITAL BUDGET DEVELOPMENT**

Discussions about infrastructure needs were included in the base budget meetings. Replacement of existing equipment was considered operational in nature, and will be performed as determined necessary. Enhancements or significant modifications in infrastructure allocations were considered strategic requests and were submitted through the [Infrastructure Resource Allocation \(IRA\) form](#). Infrastructure requests were due May 31, 2011.

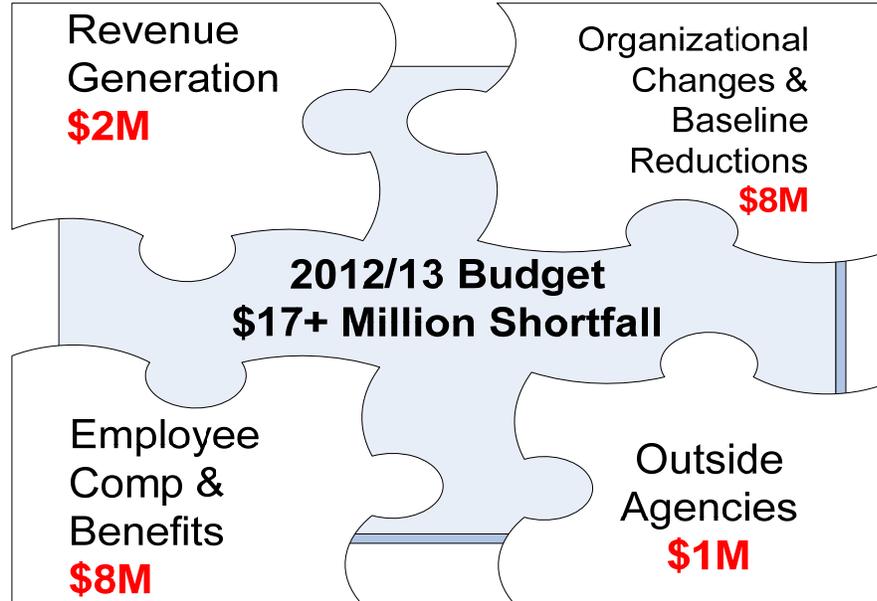
Infrastructure requests are reviewed based on set criteria for meeting community and organizational need within the county's fiscal constraints. The Support Services Leadership Team made recommendations to the County Administrator on what infrastructure requests should be granted. It is important to remember that infrastructure remains a vital component of reaching guiding principle #4 - "Equipping employees with the necessary tools, knowledge and skills" to carry out county services. However, given the solid infrastructure foundation of the county and our economic constraints, all infrastructure requests will be viewed very carefully for necessity at this point in time. Investments in infrastructure will be predominately considered for approval where there is a corresponding long-term structural operating budget reduction.

#### **APPROACHES FOR BALANCING THE BUDGET DEFICIT**

The county's commitment to long-term fiscal stability has been challenged over the past several years due to the economic downturn and loss of property tax revenue, which currently comprises 61% of the General Fund (GF) budget. The county has responded well, as reflected by the unanimous approval of a balanced budget for 2010/11, the retention of AA+ bond ratings, and a year-end surplus of \$5.5 million (unearmarked reserve for the planned carry forward to be used in 2011) for fiscal year 2010.

Revised forecasts for fiscal year 2012 and 2013 estimated a \$17+ million budget shortfall. It has become clear when reviewing the major revenues that there continues to be much uncertainty, especially relating to how the county will be impacted by the state's projected budget deficit. The projections will continue to evolve as more information becomes available. The 2011 Equalization Report, which determines the county's property tax revenue, provided some good news. Although the taxable value decreased by -2.77 percent, it was not as near as bad as the anticipated decline of -8.5%.

It is important to realize that the projections represent the estimated size of the budget deficit, assuming that all county services remain at their current service levels with existing staff and operating budgets. Projections include cost escalations for expenditures to accurately represent the reality the county will face if no further budget modifications are made. Four major categories of budget solutions and specific target reduction amounts were identified: 1) Revenue Generation - \$2.0 million, 2) Employee Compensation & Benefit - \$ 8.0 million, 3) Organizational Changes & Baseline Reductions - \$8.0 million and 4) Outside Agency Allocations - \$1.0 million.



To address the long-term structural deficit - predominately due to property tax decline, loss of state revenues and personnel cost growth - the following approaches for balancing the budget deficit were outlined:

- Be conservative in projections and realistic in solutions to strive for fiscal stability during 2012/13 without the need to do further mid-year budget reductions
- Seeking long-term structural solutions to assist us in getting ahead of the deficit so we do not need to keep cutting each budget cycle
- Maximizing collaboration opportunities where possible
- Assess serviceability levels
- Reduce the cost of doing business and become as efficient as possible
- Define our core services – determine what services we can no longer afford to do
- Focus on the four “puzzle pieces” – Revenue Generation, Organizational Changes & Baseline Reductions, Outside Agencies, and Employee Compensation & Benefits

## MAJOR BUDGET ISSUES

### Revenue Generation

When reviewing revenues, the county frequently focuses only on the General Fund. This is not to understate the importance of the Non General Fund (NGF) revenues, but rather to demonstrate the alignment between all of the funds. Revenue issues in the NGF program areas are typically included in discussions about the level of General Fund support contained with the expenditure category titled Appropriations and Transfers.

Approximately 95% of General Fund revenue is comprised of 15 revenue line items, the largest being property taxes. Understanding the trends and variables within these revenue sources allows for a strategic and proactive response to any changes in available funding. Below is an overview of the major assumptions within the Revenue Categories:

- **Property Taxes and other Housing Market Adjustments** – Many factors need to be considered when projecting property taxes for the future. Some key elements include the CPI (Consumer Price Index), percentage of properties with SEV (State Equalized Value) and Taxable Value equal, the projected changes in SEV in each property sector (commercial, industrial, agricultural, residential, developmental and personal property) and the level of DDAs (Downtown Development Authorities) and TIFAs (Tax Increment Financing Authorities). The 2011 Equalization Report revealed a -2.77% decline in taxable value. While this is a major loss in revenue, it's not near as bad as anticipated. County projections anticipated a decline of -8.5% in taxable value. ***The General Fund projections for 2012/13 assume a property tax reduction of -5% in 2012 and -2% in 2013, then stabilizing at 0% in 2014 and 2015.*** These are incorporated into the 2012/13 Adopted Budget and the four year budget projections. Therefore, the higher-than-anticipated property tax revenue has provided a solution for new revenue generation in the amount of \$4.1 million.

The housing market is impacting the county and revenues in ways beyond just property taxes. Register of Deeds revenues have dropped substantially over the past five years. This is due to a slower market and lower home values. Revenues in service areas such as Building Inspection, Environmental Health and Water Resources are down due to declined levels of new construction and lower economic activity. These considerations were incorporated into their departmental budget discussions.

- **State Funding** – When the Revenue Sharing Reserve Fund was established (using the early collection of property taxes), State Revenue Sharing shifted to a Transfer In, rather than a direct payment from the state to the county. The commitment by the state is that new state revenue will be provided to the county once our Revenue Sharing Reserve Fund is depleted. The Fund is expected to be depleted in 2013, when a partial year of funding is projected to be available. Each fiscal year, the state determines the amount of funds that the county can transfer from the Reserve Fund into the General Fund. In the past, the amount would increase ~3% in accordance with inflation. ***General Fund projections assume that the state will not reinstate revenue sharing for the county in 2013 when the reserve fund is exhausted, resulting in a shortfall of \$2.5M.*** All other state revenues accounted for within the county's General Fund are assumed to be flat.
- **Interest Earnings** – The level of interest revenue has been substantially reduced over the past few years. This is in part a result of the reduced General Fund cash flow from shifting the property tax levy from December to July, as well as from reduced interest rates given current market conditions. The impact of reduced interest earnings will be felt more strongly once the Revenue Sharing Reserve Fund is depleted. The impact on interest earnings is incorporated into the recommended budget. The county continues to monitor cash flow and is developing long-term projections and recommendations.

- **Fees & Services** - Approximately 65% of this revenue category consists of contracting entity payments for police services contracts. The current contracts expire at the end of 2011. The Board of Commissioners adopted the 2012 price of a Police Service Unit (PSU) at \$150,594, in line with 2011, with annual increases of 1% in subsequent years through 2015. ***The General Fund projections assume the current 2012 price with 1% increases into the future.***
- Court Costs and Register of Deeds Fees are the next two largest revenues within this category. Both of these have had significant reductions over the past several years. The District Court ended 2010 with a \$500K revenue shortfall, in line with revenue collections for 2009. ***The projections assume District Court revenues stabilize and have been adjusted to reflect these new lower amounts.*** Register of Deeds peaked at the height of the housing market in 2003, with total revenues over \$5M. Revenues are now just under \$2.5M. ***The budget assumes Deeds revenues remain at this level, although there are some signs that revenues may be increasing.***

### **Employee Compensation & Benefits**

Employee compensation and benefits discussions included a review of federal and state legislation to reduce benefits to government employees, a comparison of salaries and benefits with other government units and private organizations, and extensive evaluation of the county's health care plan. The county health care plan is a federally defined "Cadillac Plan" meaning a 40% tax will be imposed if the plan is not changed by 2018.

More than 80% of county employees are represented by one of the county's 17 bargaining units. All of these unions have contracts in place for 2011, with a few extending to 2014. Discussions with our union partners began almost immediately. Work started by developing a process for expedited bargaining, with a target completion date of July 1, 2011. Although this was a very aggressive timeline for the organization, it was necessary to define our future together. Every employee needs predictability throughout these difficult and very uncertain times. As a result of expedited negotiations, one union settled within the desired timeframe.

Currently, 90% of county union members have settled labor contracts (Michigan Nurses Association – Units I and II, Technical-Police Officers Association of Michigan Units I and II, American Federation of State County Municipal Employees 2733 – Units A, B, C, Juvenile Center and Juvenile Detention, and American Federation of State County Municipal Employees 3052JC – Trial Court Supervisors). In addition, we have patterned compensation and benefits for our non-union employee group to be within the same scope of the settled labor agreements in the hopes of bringing all employees back into alignment. Negotiations are continuing with our other union partners. All compensation and benefit items are being analyzed, reviewed and discussed. It says a great deal about this organization and its union leadership that these bargaining units have understood the critical need to come to the table to assist the county in finding ways to deal with the budget deficit. The adopted budget includes assumed labor savings of approximately \$4 million that we believe to be realistic.

### **Organizational Changes & Baseline Reductions**

To meet the organizational changes and baseline reductions, specific budget target amounts for each individual department were declared. There were not across the board reductions. As previously discussed, established budget target criteria included the level of past budget reductions approved by the Board (including those that have not materialized in savings), alignment with Board of Commissioner priorities and desired community impact, serviceability requirements, collaboration opportunities and the potential to

eliminate entire programs. Funding allocations varied by department based on these factors. Department heads and elected officials made proposals to administration as to how these targets could be achieved within the desired outcomes.

The process and approach for the organizational changes and baseline reductions included a detailed review of line item budgets and contracts, identifying all opportunities for reorganization, collaboration, and consolidation, discussions with community partners on services the county could shift to other entities, and the elimination of services that the county can simply no longer afford to perform. Organizational changes and baseline reductions resulted in projected savings of \$8.2 million, and included both permanent structural and one-time nonstructural savings.

A multi-faceted approach was used to identify budget solutions and began, first and foremost, with a **review of revenue opportunities**. For the most part, revenue increases have to come from maximizing federal or state funds, or through fee increases. The details for increased revenue within the fees and services category are discussed above under the revenue generation section. Every county department head and elected official also reviewed their services for revenue generation ideas, which resulted in over \$1.6 million increase in revenues. Two departments provided new revenue opportunities - the Sheriff's Office identified additional police services contracts (an increase of 5 units), vending/food concession, new grant opportunities, court security, dispatch and towing services revenues; the Clerk/Register of Deeds Office identified revenue growth and increases for register of deed activities from the improving property market.

Along with a revenue review, each **department identified proposals to reduce expenditures**. Departments were asked to first look at efficiencies or means to reduce the cost of doing business, and then to evaluate serviceability levels. Ultimately, and the least desirable of choices, the loss of whole programs was considered. These proposals were discussed with Administration, and resulted in anticipated budget savings of \$4.6 million. Much of these savings will be realized through efficiencies, shifting the funding source to outside the General Fund, and/or reduced service levels. Our elected officials were fully engaged and their cooperation helped identify reductions in their services comparable to those in the rest of the organization. These reductions impact nearly all parts of the organization and will not be easy, but they have the support and cooperation of the management and leadership of the county to minimize the loss of the service to the community.

Below is an overview of the major department identified proposals to reduce expenditures:

- **Administration** – Place Deputy Administrator position on hold vacant status, eliminate the vehicle used by this position, reduce the continuous improvement funding, operating and part-time temporary budgets for savings of \$183K.
- **Board of Commissioners (BOC)** – Operating budget reductions to be determined by the BOC for 2013 for a savings of \$31K.
- **Building Inspection** – While there is no expenditure reduction, Building Inspection will begin to repay its outstanding \$891K debt to Capital Reserves, beginning in 2012. Any contributions to fund balance over the \$51K currently held by the department will be dedicated to Capital Reserves until the debt is repaid in full.
- **Children Services–Detention** – Reduce education program contract and eliminate appropriation to Washtenaw Area Teens for Tomorrow (beginning in 2011) and Neutral Zone for savings of \$126K. Fund balance will be used to support WATT for the next few years, while other revenue sources are

pursued. An additional \$23K may be realized in 2013 if the educational program is shifted to a charter school model.

- **Clerk / Register of Deeds** – In addition to the previously discussed increased revenue for register of deed activities and the revenue generation for fees and services from the improved property market, election expenses are budgeted in even years for a savings of \$55K during odd years (2013). In addition, positions modifications for reclassification and eliminations for positions previously on hold vacant status.
- **Corporation Counsel/Risk Management** – Reduce operating budget and attorney fees for corporation counsel, generating a savings of \$108K. Reduce legal counsel fees and insurance premiums for risk management for a savings of \$212K.
- **Community Support & Treatment Services: Jail Services/JPORT** – Eliminate the general fund appropriation to the Jail Services Program, as this program will be funded by an estate bequest for the next three years. Eliminate support to JPORT for total savings of \$404K.
- **Department of Human Service (DHS)** – Reduce Child Care Fund expenditures back to typical historical levels, in alignment with reduced caseloads, and eliminate the appropriation to the DHS Board (Child Care Fund revenue will be used instead) for a savings of \$259K.
- **District Court** – Agreed to a 2012/13 lump sum reduction for a savings of \$293K. Position modifications include eliminating 1.0 FTE Deputy District Court Clerk and placing 2.0 FTE (Attorney/Magistrate & Probation Agent) on a hold vacant status.
- **Environment Health/Public Health/Solid Waste** – Reduce appropriation to maintenance of effort levels, unfreeze the Cost Allocation Plan assessment, and eliminate the solid waste appropriation for a savings of \$604K.
- **Equalization** – Eliminate overtime budget and align operating budget with recent trends for a savings of \$4K.
- **Facilities Management** – Reduce appropriations to 1/8<sup>th</sup> mill, capital equipment and capital projects, as discussed below under non-department specific infrastructure expenditures. In addition, position modifications include downgrading 1.0 FTE position (from Carpenter/M3 to Maintenance Technician I/II/III), creating 1.0 FTE Energy Coordinator I/II, adjust staff methodology to reduce overtime, eliminate on-call shifts, reduce summer facilities interns, reduce utilities and operating line-items to align budget with trends for a savings of \$254K.
- **Finance** – Reduce operating budgets and position modifications (1.5 FTE net reduction and additional position changes are to be determined during the last quarter of 2011) for a savings of \$200K.
- **Human Resources** – Reduce part-time temporary and operating budgets for professional development and human resources for a savings of \$22K.
- **Head Start** – County withdrawal as the grantee for the program is expected for the 2012/13 grant year for general fund savings of \$360K in 2013.

- **Information Technology Services** – Reduce appropriation to the technology plan as discussed in the next paragraph under non-department specific infrastructure expenditures. In addition, position modifications are included (eliminating an Administrative Coordinator and Application Specialist previously on a hold vacant status) for a net reduction of 2.0 FTE, as well as operating budget reductions for other maintenance changes and shifting to third party support for the county's enterprise resource planning system for a savings of \$77K.
- **MSU Extension** – Permanent elimination of 2.0 FTE (Customer Service Specialist and Program Coordinator) and reduction of operating budget for supplies, consultants and contracts, travel and telephone for a savings of \$184K. Public Act 88 is recommended to fund the Washtenaw County 4-H Program.
- **Prosecuting Attorney** – Past reductions were sufficient and base serviceability levels have been attained, therefore no reductions are recommended at this time.
- **Public Defender** – Permanent elimination of 6.0 FTE that were previously on a hold vacant status, as well as decreases in operating line-items for a savings of \$23K.
- **Sheriff** – In addition to the previously-discussed increase in revenue generation, the Sheriff's Office identified net operating expenditure reductions by shifting 2.0 FTE positions to revenue generating status, placing an additional 8.0 FTE positions on a hold vacant status (1.0 Community Service Officer, 2.0 Corrections Officer, 2.0 Court Officer and 3.0 Deputy/Special Assignment), and elimination 4.0 FTE positions (previously on hold vacant status - 1.0 Office Specialist, 2.0 Community Service Officer and 1.0 Corrections Officer) for a savings of \$446K.
- **Treasurer** – Revenue increases for dog licenses and service charges, offset by decreases for deed certifications and interest earnings, operational line item adjustments, unfreezing of the CAP for Delinquent Tax and PA 105 Funds, charging the CAP to property foreclosure funds as well as the department will cover the maintenance costs for the BS&A Equalizer.net system for a total savings of \$207K.
- **Trial Court** – Agreed to a 2012/13 lump sum reduction for a savings of \$300K. Position modifications are to be determined.
- **Veteran Services** – Position modifications, including downgrading 1.0 FTE (Veteran Services Assistant) for a savings of \$13K.
- **Washtenaw County Health Organization (WCHO)/PORT** – Eliminate appropriations to PORT for a savings of \$226K. WCHO will assume responsibility for funding PORT and JPORT (referenced previously).
- **Water Resources Commissioner** – Placing Deputy Drain Commissioner position on hold vacant status, elimination of 1.0 FTE public works Senior Clerk Typist previously on hold vacant status, and reducing revenue due to the lack of construction related activities for a net savings of \$198K.

In addition to the proposals developed by departments, a **review of the organizational structure and non-department specific expenditures** was conducted. Several organizational changes were made, including the consolidation of the Office of Community Development, Economic Development & Energy and Employment

Training & Community Services under the new Office of Community & Economic Development. This reorganization will result in anticipated savings of approximately \$517K in 2012. Significant infrastructure modifications were also included, requiring the county to move into a mode of preventative maintenance with only critical equipment replacement and enhancements planned over the next two years. As a result, \$1.5 million in expenditure reductions are being recommended.

### **Outside Agency Reductions**

During the planning process, a target reduction of \$1.0M was identified for outside agency allocations, beginning in 2012. In developing the proposal, state, federal, contractual or other mandates were evaluated for each allocation. If an allocation was discretionary in nature, that factor was considered as well. An assessment was conducted of the community impact that each change would have. Overall funding is recommended at \$1.8M, which represents a \$1.2M reduction from the amounts approved in the 2011 budget reaffirmation.

A comprehensive review of all General Fund dollars going outside of the organization was conducted, while keeping in mind that most allocations support discretionary services. Available financial support through other funding mechanisms (economic development initiatives supported by Public Act 88, as well as coordinated funding allocations administered by the Office of Community and Economic Development) were identified as well. Finally, working through the process helped to determine the appropriate amount for each recommended allocation, as well as alignment with Board of Commissioner's priorities.

Proposed savings were recommended within each major category of outside agency allocations and resulted in reductions of: \$454K in dues and memberships, \$455K in the human service-children well being, including the coordinated funding allocations area, \$280K in special initiatives and \$50K for other agencies. Included in the county's outside agency allocations is funding for special initiatives that are strategic investments in and with the community. The initiatives specifically focused on economic development, to market the advantages of doing agricultural and industrial business in Washtenaw County, are being funded by Public Act 88 millage revenue. The millage is projected to generate approximately \$689K in revenue, thereby generating General Fund savings of the same amount.

During Board of Commissioner 2012/13 budget deliberations, the Board modified the administrator's recommended outside agency allocations. On the next page is a detailed breakdown of the 2012/13 adopted allocations:

Washtenaw County Outside Agency Allocations

Agency Name	2011 Budget Reaffirmation	2012 Adopted	2013 Adopted	Annual Proposed (Savings) / Increase
<b>Dues/Membership Category</b>				
BOC Dues	\$ 10,399	\$ -	\$ -	\$ (10,399)
MAC Dues	20,315	-	-	(20,315)
Mandated Animal Control	500,000	-	-	(500,000)
Huron River Water Council	11,892	-	-	(11,892)
River Raisin Watershed	8,233	-	-	(8,233)
SEMCOG	125,000	-	-	(125,000)
SEMCOG Water Quality	10,000	-	-	(10,000)
Food Systems Economic Partners**	15,000	30,000	30,000	15,000
Soil Conservation	30,000	30,000	30,000	-
NEW Center	21,000	-	-	(21,000)
WATS (Washtenaw Area Transportation)	20,000	20,000	20,000	-
Area Agency On Aging	23,712	-	-	(23,712)
<b>Total Dues/Membership</b>	<b>795,551</b>	<b>80,000</b>	<b>80,000</b>	<b>(715,551)</b>
<b>Human Services Category</b>				
Domestic Violence Project Safe House	96,000	48,000	48,000	(48,000)
Eviction Prevention	40,000	20,000	20,000	(20,000)
Fair Housing	40,000	-	-	(40,000)
Sheltering Activities (Delonis Center)	160,000	51,230	51,230	(108,770)
United Way - 211	32,000	16,000	16,000	(16,000)
CWB/HS Coordinated Funding***	1,015,000	1,015,000	1,015,000	-
Small Business Development Center	8,000	-	-	(8,000)
DHS Child Abuse Prevention*	50,000	-	-	(50,000)
Success by Six	7,500	7,500	7,500	-
Legal Resource Center	4,000	4,000	4,000	-
Brown Chapel	10,000	-	-	(10,000)
<b>Total Human Services</b>	<b>1,462,500</b>	<b>1,161,730</b>	<b>1,161,730</b>	<b>(300,770)</b>
<b>Special Initiative Category</b>				
Eastern County Economic Development**	100,000	100,000	100,000	-
Eastern County Incubator**	50,000	50,000	50,000	-
SPARK**	200,000	200,000	200,000	-
Washtenaw Farm Council (4-H)**	15,000	30,000	30,000	15,000
Reserve For Housing***	200,000	-	-	(200,000)
Housing Contingency***	110,000	-	-	(110,000)
<b>Total Special Initiative</b>	<b>675,000</b>	<b>380,000</b>	<b>380,000</b>	<b>(295,000)</b>
<b>Other Agencies-GF Category</b>				
LAWNET	30,000	-	-	(30,000)
Barrier Busters	50,000	100,000	100,000	50,000
WATT (Washtenaw Area Teens for Tomorrow)	50,000	-	-	(50,000)
Ann Arbor Teen Center/Neutral Zone	20,000	-	-	(20,000)
Law Library	12,400	12,400	12,400	-
<b>Total Other Agencies-GF</b>	<b>162,400</b>	<b>112,400</b>	<b>112,400</b>	<b>(50,000)</b>
<b>Total Outside Agencies</b>	<b>\$ 3,095,451</b>	<b>\$ 1,734,130</b>	<b>\$ 1,734,130</b>	<b>\$ (1,361,321)</b>
* Funded through Child Care Fund				
** Funded through Public Act 88 if adopted by the Board of Commissioners				
*** Administered by the Office of Community & Economic Development				

## Summary of Outside Agencies

### ***Dues/Membership Category***

- *BOC Dues - \$0:* This item represents dues paid to the Michigan Association of Counties (MAC). In the past, MAC Dues were listed in two places - "BOC Dues" and "MAC Dues." To avoid confusion in the future, all MAC Dues will be reflected in one line, and "BOC Dues" will be eliminated.
- *Michigan Association of Counties (MAC) Dues - \$0K:* MAC advocates for county government, and offers educational programs, legislative representation, and weekly communications to all members. During Board of Commissioner budget deliberations this funding was eliminated.
- *Mandated Animal Control (previously the Humane Society) - \$0K:* The Humane Society supports responsible care of all animals in the community. This includes stopping animal cruelty, ensuring proper care for animals in the shelter, placement of all adoptable animals, reducing pet over-population, caring for the physical well-being of animals, and education/outreach activities. During Board of Commissioner budget deliberations Humane Society funding was eliminated and the \$250K was allocated to the Sheriff's Office operating budget for mandated animal control.
- *Huron River Watershed Council (HRWC) - \$0:* The HRWC works to protect, rehabilitate, and sustain the Huron River Watershed system. This includes soliciting the help of volunteers to monitor the system, and educating the public. The HRWC has assisted various communities on water issues, and has produced a guidebook on the protection of drinking water.
- *River Raisin Watershed Council (RRWC) - \$0:* This Council educates the public and performs monitoring throughout the watershed area. The RRWC completed a Watershed Management Plan in 2008 that identifies stressors in the system and addresses water quality problems.
- *The Southeast Michigan Council of Governments (SEMCOG) - \$0:* SEMCOG supports local planning, improvements to water quality and transportation systems, revitalizing communities, and spurring economic development.
- *SEMCOG - Water Quality - \$0:* SEMCOG is the water quality management agency for Southeast Michigan under the Federal Clean Water Act, and has developed a Water Quality Management Plan for the region.
- *Food Systems Economic Partners - \$30K:* This Partnership works to identify economic development opportunities, and to implement creative solutions to chronic food systems issues in Southeast Michigan. The group performs regional food system research, local agriculture/food business innovation and networking, and it facilitates the Farm to School program and educational outreach. During Board of Commissioner budget deliberations this funding was increased.
- *Soil Conservation - \$30K:* The Washtenaw Conservation District's mission is to assist landowners with, and provide leadership in, the conservation, management and wise use of natural resources. Planning assistance and educational materials are provided in order to further this mission.
- *Nonprofit Enterprise at Work (NEW) Center - \$0:* The Center's mission is to help nonprofits succeed by strengthening management and offering solutions to various issues facing the nonprofit community. The Center houses 18 nonprofit organizations, and encourages resource sharing.

- *Washtenaw Area Transportation Study (WATS) - \$20K:* WATS is a multi-jurisdictional agency responsible for transportation planning in the county. WATS annually establishes project priorities for the Michigan Department of Transportation to consider when recommending transportation funding. Additionally, WATS continually monitors the current condition of the transportation system, including roads, bicycle and pedestrian paths, bridges, and public transit.
- *Area Agency on Aging - \$0:* The Agency works to enhance the lives of older adults and adults with disabilities by providing information and assistance, including a variety of community services, Medicare and Medicaid assistance, family caregiver assistance, and senior driving information.

### **Human Services Category**

- *Domestic Violence Project Safe House - \$48K:* The Center provides support for those impacted by domestic violence or sexual assault, including free and confidential services for any victimized person living or working in the county. Services include: shelter for those in danger, counseling, legal advocacy, and support groups. The Center has also been awarded \$143,263 through the coordinated funding process for FY 2011- 2013.
- *Eviction Prevention - \$20K:* Funding is administered within the Barrier Busters Unmet Needs Fund, and is specifically for eviction prevention, which is much less costly than emergency shelter.
- *Fair Housing - \$0:* Supports efforts to identify and address impediments to fair housing access for all Washtenaw County residents.
- *Sheltering Activities (Delonis Center) - \$51.2K:* The Shelter works to end homelessness, by outreach and collaboration with 30 other service providers. The Shelter offers the tools necessary to help individuals end their experience with homelessness permanently. During Board of Commissioner budget deliberations this funding was increased. In addition, the Shelter Association has been approved to receive funding through the coordinated funding process as follows: \$203K for the Residential Program; \$55K for the Health Clinic; and \$58K for the Non-Residential Program.
- *United Way 211 - \$16K:* 211 is a multi-lingual, comprehensive information and referral service available 24/7/365. The database contains more than 20,000 programs and services such as after school programs, senior care services, medical and prescription assistance, credit counseling and mortgage foreclosure assistance, and housing and utility resources.
- *CWB/HS Coordinated Funding - \$1.015M:* The Coordinated Funding recommendations were adopted by the Board of Commissioners on June 1, 2011 through resolution #11-0093 and modified by resolution #11-0202 on December 7, 2011.
- *Small Business Development Center (SBDC) - \$0:* A Washtenaw Community College Outreach Program designed to contribute to the growth and vitality of the county economy by helping new and existing small businesses manage growth, improve their profitability, and create jobs. The Michigan SBDC Network includes over 50 counseling and service centers located throughout the state, which link the resources of federal, state and local governments with those of community colleges, universities and the private sector to produce practical solutions to business problems.

- *DHS Child Abuse Prevention - \$0 General Fund:* General Fund currently supports a preventative services position in DHS. Beginning in 2012, support will be provided by the Child Care Fund.
- *Success by Six - \$7.5K:* Ensures that children enter school ready to succeed by providing services for parents, training/support for childcare providers, and system help for agencies that serve parents and young children.
- *Legal Resource Center - \$4K:* Provides legal assistance for persons unfamiliar with the legal system. The program is jointly sponsored by Washtenaw County and Eastern Michigan University. Paralegal students from Eastern Michigan University offer self-help information to the community.
- *Brown Chapel - \$0:* The Chapel distributes meals, donated clothing, emergency transportation, and offers referrals for employment.

### **Special Initiative Category**

- *Eastern County Economic Development - \$100K in millage revenue:* Funding is provided for the economic development activities of the Eastern Leaders Group. Past programs include the commercial building renovation and re-use grant program, CEED micro loan program, Manufacturing Gap Financing, and SPARK micro loans for early stage capital.
- *Eastern County Incubator - \$50K in millage revenue:* The SPARK East Business Incubator promotes all types of innovation-based businesses, and contains work-ready office facilities. The Eastern Leaders Executive Committee oversees the program.
- *SPARK - \$200K in millage revenue:* SPARK strives to be the driving force in establishing the Ann Arbor Region as a desired place for business expansion and location by identifying and meeting the needs of businesses at every stage. During Board of Commissioner budget deliberations this funding was decreased.
- *Washtenaw Farm Council (4-H) - \$30K in millage revenue:* The Council works to promote/conduct agricultural, industrial, educational and recreational fairs and exhibitions, and to provide entertainment and amusement therewith to draw the attention of the public thereto. During Board of Commissioner budget deliberations this funding was increased.
- *Reserve for Housing - \$0:* This fund support affordable housing capital projects and capacity building support to nonprofit housing/homelessness agencies.
- *Housing Contingency - \$0:* Supported supportive housing and similar services for residents experiencing homelessness until longer-term, sustainable funding strategies were developed.

### **Other Agencies – General Fund Category**

- *Livingston and Washtenaw Narcotics Enforcement Team (LAWNET) - \$0:* Combats the ever-increasing incidents of narcotics trafficking, auto theft, and other major crimes in Livingston and Washtenaw Counties. This multi-jurisdictional task force helps to investigate major crimes and aid in the apprehension of criminals linked to these offenses.

- *Barrier Busters - \$100K*: Addresses the impact of the housing crisis, utility shut-off, and car repair on access to employment. Efforts are jointly funded by Washtenaw County, The Ann Arbor Area Community Foundation, the City of Ann Arbor, United Way of Washtenaw County, and the Knight Foundation. Most requests are for homelessness prevention, re-housing, and utility assistance. Some private funding is designated for the growing number of requests for health and dental care. With the October 1st end of state cash benefits, these services are more critical than ever.
- *Washtenaw Area Teens for Tomorrow (WATT) - \$0 General Fund*: WATT works to support youth through a number of initiatives, including: increasing the number of safe places for youth, building transportation opportunities, and providing mentors, internships and job shadowing opportunities. Children's Services fund balance from prior years funding will replace General Fund in 2012.
- *Ann Arbor Teen Center/Neutral Zone - \$0*: A youth-driven teen center dedicated to promoting personal growth through artistic expression, community leadership and the exchange of ideas.
- *Law Library (mandated) - \$12.4K*: A committee of the Washtenaw County Bar Association strives to make the library helpful to practitioners and others. There are two computers located in the library which allow access to legal catalogs and MCL searches.

### **Beyond the 2012/13 Budget Adoption**

In sum, these recommendations balance the 2012/13 biennial budget. Due to the compounding nature of property taxes and the assumed annual expenditure growth, the 2012 fiscal year had a smaller projected deficit than 2013. However, most of the budget solutions are recommended for implementation in 2012. This results in a projected surplus in 2012 that can be carried forward to balance 2013.

The test of this budget will come during the 2012 and 2013 fiscal years themselves. The budgets are intended to first "stop the bleeding" from the economic downturn so that we can move forward in a strategic way to develop a long-term path to wellness. However, property tax revenues for each fiscal year aren't known until four months into the fiscal year. The budget is based on a set of assumptions using known information during the time of development. It will be critical to closely monitor these assumptions as new information from the ever-changing economy is collected. The challenge will continue into the future, as it is impossible to determine exactly when and how quickly our tax revenue will return to 2007 levels - prior to the historic economic downturn. The desire is to strategically position the organization to affect long-term stability for our customers and employees, and to continue to re-define Washtenaw County government to keep us in the forefront of providing world-class service.

