

CAPITAL IMPROVEMENT & DEBT SERVICE

Washtenaw County's Capital Program is complex, dealing with capital construction, modification and acquisition at different levels through separate and specific approaches. Although there is overlap, fundamentally the county breaks capital outlay into four classes:

1. Infrastructure (water and sewer)
2. Buildings (construction or acquisition)
3. Capital improvements (modifications of existing facilities)
4. Capital equipment acquisitions

This section of the books begins with an overview of the county's capital planning and budgeting philosophy and processes used for the 2012/13 budget. A summary of the comprehensive capital allocation is provided. The remainder of the capital section outlines the key elements within each of the county's major infrastructure strategic plans:

- Technology and Capital Equipment
- Fleet
- 1/8th Mill Building Maintenance and Repair
- Space Plan

In addition to the capital projects shown in this section, the Water Resources Commissioner's Office and the Department of Public Works oversee a number of water and sewer construction projects each year. These projects are initiated by local units of government or other agencies, and although the county issues the debt and retains ownership of the infrastructure, the local units are responsible for repairs, maintenance and debt repayment. For this reason these are considered "component units" (more information regarding this can be found within the Appendix section under the Definition of the Reporting Entity topic). This arrangement is discussed in greater detail under the Debt Service topic within this section.

Building construction and acquisitions are carried out by the Washtenaw County Building Authority, a separate nonprofit corporation, with ownership being passed to the county upon retirement of all debt, or through an oversight committee established by the county Board of Commissioners. These budgets are established for the duration of a project and are taken to the Board of Commissioners on a case by case basis. This is discussed in greater detail under the Debt Service topic within this section.

CAPITAL IMPROVEMENT

Over the past decades Washtenaw County has worked to ensure proper infrastructure development and maintenance is achieved for all county operations. The foundation of the county's strategic framework is that all employees have the necessary skills, resources and tools necessary to provide customer service. Each county business is dependent on the infrastructure of space, technology and professional development. This is Guiding Principle #4. Without a strong plan in each of these areas, the business will not be successful. Since the inception of the business improvement process, Washtenaw County has continually progressed in its approach to providing infrastructure in an integrated manner. As with all government agencies, Washtenaw

County continues to face the challenge of ever increasing needs and opportunities with limited resources. It is essential that these resources be used in a wise manner to serve our citizens. The governance of our infrastructure is critical in ensuring that our delivery systems are efficient and effective and that our employees have what they need to provide world class service. For purposes of internal infrastructure allocation, infrastructure is defined as the tools, skills and knowledge necessary for employees to work effectively and efficiently. This includes:

- Space
- Capital equipment
- Technology
- Professional development
- Processes (and their impact on positions).

Prior to the Business Improvement Process the provision of these resources was uncoordinated and hit-or-miss at best. Each planning cycle has seen an improvement in the manner in which our infrastructure is provided and maintained. A history of this progression is provided below and on the next page.

	Technology	Space	Professional Development
1996/97	PC replacement schedule – the beginnings of the County’s Technology Plan was a plan to provide every employee with a PC on a 3 year replacement schedule.		Technology – the first priority for the new PD program was an emphasis on County employees becoming proficient in the use of available technology.
1998/99	Mainframe to Client/Server – primary emphasis was to migrate County systems from mainframe applications to client/server applications both for usability and in preparation for Y2K.	Space Plan Phase I – County began the first phase of coordinated space plan that would design and construct 5 new County facilities.	
		Ergonomic Furniture – comprehensive plan to provide all employees with ergonomically correct furniture over a 3 year period.	
2000/01	Server replacement schedule – with the expansion of County networks and applications a replacement schedule for the County’s 50+ servers and network hardware was developed.	Capital reserve – the Board of Commissioners established a capital reserve policy and fund to be sustained by delinquent tax revenue. It would be the source of all capital expansion projects and associated debt service.	
		Capital improvement schedule – development of a comprehensive 20 year	

WASHTENAW COUNTY MICHIGAN

		schedule to ensure proper maintenance of all facilities. To be funded by a dedicated 1/8 th mill allocation.	
2002/03	Web enablement – Washtenaw County had built a world class infrastructure and was now positioned to take advantage of the opportunities afforded by the internet.		
2004/05	Systems integration – the planning focus for this cycle was expanding the concept of Communities of Interest and strengthening our internal capacity through systems integration. The strategic direction of all infrastructure resources was channeled toward systems integration.		
2006/07	Infrastructure Integration – further integrated the provision of resources through the development of one comprehensive infrastructure plan detailed in separate components. Coordination of the plans was advanced through implementation of common project management methodology, standards and partnership agreements between Support Services and departments.		
2008/09	Shared Project Selection and Implementation Processes – much emphasis was made to create a consistent and strategic process for project selection based on organizational needs and priorities. Each infrastructure request was channeled through the county’s Infrastructure Resource Allocation (IRA) process with an organizational wide panel conducting an evaluation process. Support Services staff then developed a recommended budget based on staff capacity and funding allocation. Each project was implemented using the county’s project management framework. The county’s fixed asset management system Tririga assisted in this process allowing the county to comprehensively track space, equipment, furniture and personnel assignments.		
2010/11	<p>Due to the financial situation, the commitment was made to maintain our existing infrastructure as strategically and cost effectively as possible. In order to do so, the Facilities Management department changed their approach to focus on preventative maintenance. Doing so has allowed internal costs to drastically be reduced.</p> <p>In order to meet budget reduction targets, Information Technology focused on:</p> <ul style="list-style-type: none"> • Fiber Network • Completed capital projects including Jail Expansion and 14A District Court buildings 		
2012/13	In order to continue the strategic alignment of resources and process, Information Technology and Facilities Management were combined into the Office of Infrastructure Management (OIM). The commitment to preventative maintenance remained, and was balanced against the desire to save resources where possible as long as there is no significant long-term risk. Due to the continued financial situation, there were infrastructure		

requests to meet the needs of departments that could no longer be deferred. These requests were met with a use of fund balance and surpluses. In 2013 the Board of Commissioners adopted and updated space plan and approved the purchase and implementation of a new court records management system for the Washtenaw Trial Court.
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For 2014-17, OIM is once again meeting the needs of the Organization with reduced resources. Additionally, in 2013, OIM looked to address long-term needs of the organization. The Facilities division will be implementing of the Board of Commissioners-adopted Space Plan, which will address the space needs of the organization for the next 10 years. Additionally, the Information Technology division will implement a new Trial Court case management system and begin analysis and selection of a new county-wide financial management system.

The remainder of this section outlines the Infrastructure Resource Allocation Process, and walks through the key elements contained within each of the county's major infrastructure categories:

- Technology and Capital Equipment
- Fleet
- 1/8th Mill Building Maintenance & Repair
- Space Plan

Washtenaw County Annual Capital Funds

	2012 Actuals	2013 Projected	2014 Adopted	2015 Adopted	2016 Adopted	2017 Adopted
<p>4010 - 1/8TH MILL BUILDING MAINTENANCE & REPAIR</p> <p><i>Funding for the county's 20 year CIP to maintain our existing facilities, provide for security & safety of those entering county facilities.</i></p>	\$ 1,596,298	\$ 1,346,486	\$ 1,146,486	\$ 1,146,486	\$ 1,146,486	\$ 1,146,486
<p>4020 - CAPITAL PROJECTS</p> <p><i>Contains miscellaneous capital renovation projects that are funded without bond issue, frequently through a small annual general fund appropriation and through department identified revenues.</i></p>	\$ 922,778	\$ 100,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
<p>4040 - REGISTER OF DEEDS AUTOMATION FUND</p> <p><i>A state required fund based on fees within the county's Register of Deeds office to finance technology related enhancements within ROD operations.</i></p>	\$ 293,138	\$ 300,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
<p>4050 - TECHNOLOGY PLAN & CAPITAL EQUIPMENT</p> <p><i>Includes maintaining the county's existing infrastructure, the replacement of network and desktop equipment, software upgrades and system enhancements to meet the goals of the organization.</i></p>	\$ 1,906,803	\$ 1,556,331	\$ 1,285,725	\$ 1,285,725	\$ 1,285,725	\$ 1,285,725
<p>4060 - CAPITAL RESERVES</p> <p><i>Established by the BOC with funding predominately through the Delinquent Tax funds for funding of the county's strategic space plan, including the payment of capital bond issues.</i></p>	\$ 6,872,498	\$ 6,792,547	\$ 5,636,389	\$ 5,602,426	\$ 5,621,551	\$ 5,573,339
<p>4300 - DPW REVOLVING</p> <p><i>This fund provides seed money for DPW projects while they wait for revenue from special assessments.</i></p>	\$ 14,339	\$ -	\$ -	\$ -	\$ -	\$ -
<p>4500 - WWRA RECYCLING PROJECT</p> <p><i>This fund is managed through Public Works and handles recycling for local communities paid for through special assessments.</i></p>	\$ 900,000	\$ 357,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
<p>6320 - FLEET SERVICES</p> <p><i>An internal service fund for the acquisition, disposal and maintenance of the county's fleet.</i></p>	\$ 2,696,551	\$ 2,675,492	\$ 2,744,767	\$ 2,757,570	\$ 2,867,177	\$ 2,912,343

WASHTENAW COUNTY INFRASTRUCTURE ALLOCATION PROCESS

Since the inception of the Business Improvement Process, Washtenaw County has continually progressed in its approach to providing infrastructure in an integrated manner. The Business Improvement Process has encouraged county staff to continuously improve service delivery. This inevitably leads to requests for infrastructure enhancement projects.

As with all government agencies, Washtenaw County faces the challenge of ever increasing needs and opportunities with limited resources. It is essential that these resources be used in a wise manner to serve our citizens. The governance of our infrastructure is critical in ensuring that our delivery systems are efficient and effective and that our employees have what they need to provide world class service.

For Washtenaw County:

Infrastructure is defined as the tools, skills and knowledge necessary for employees to work effectively and efficiently. This includes:

- Space
- Capital equipment
- Technology
- Organizational Development
 - Professional development
 - Processes (and their impact on positions and other infrastructure).

Governance is defined as:

- Ensuring the alignment of resources with business objectives (County-wide and Departmental)
- Ensuring that resources are used in the most effective and efficient manner
- Ensuring that decisions regarding resources are made at appropriate levels within the organization.

DETERMINING INFRASTRUCTURE NEEDS FOR 2014-17

As the county switched to a four-year budget to have a long-term financial plan, the Office of Infrastructure Management simultaneously took a long-term look at both space and technology needs to support the organization. Despite the challenge of ever increasing needs and opportunities along with limited resources, Washtenaw County decided to use infrastructure and capital resources to address some deferred needs. These needs include:

- Completing unbudgeted projects related to the jail expansion project, including redoing the parking lot
- Renovating the Trial Court space to consolidate functions and streamline customer service
- Right sizing Washtenaw County space for the next 10-years of service delivery

As part of the budget reductions, Infrastructure Management committed to significantly reduce costs once again for the 2014-17 budget. Infrastructure Management engaged their leadership team and staff to identify critical efforts to maintain the counties existing infrastructure. These discussions lead to the recommended budgets and project lists for their respective areas, as reflected on the following pages.

TECHNOLOGY AND CAPITAL EQUIPMENT

In the 21st century, technology is playing an increasingly larger role in how citizens, visitors, businesses, and employees conduct business with the County. Providing a safe and secure computing environment against a backdrop of changing consumer technology and emerging threats continues as a top priority. Thus, Washtenaw County has made it a goal to maintain and continually upgrade the current viable technological infrastructure and to be a leader in the emerging field of E-Government, Geographic Information Systems and Document Management.

2014-2017 TECHNOLOGY CAPITAL PLAN

The focus of the Technology Capital Plan is to:

- Maintain current infrastructure (example: Server Maintenance, Application Upgrades)
- Provide necessary tools and technologies to County employees (example: PC & Server Replacement, New Software, etc.)

The Capital Plan below outlines the strategic direction for each focus area mentioned above.

Maintaining Existing Infrastructure

- **PC Replacement Plan:** Current standards specify that desktops be replaced every 5 years while laptops are replaced every 4 years. Long term projections allow predictable PC Replacement and ensuring that enough funding will be available. Upgrade to Windows 7 will be completed in the first half of 2014.
- **Server Replacement:** Replace servers every 4-5 years to achieve 99.9% network uptime to ensure critical systems remain operational. Information Technology added an inexpensive 3rd party warranty to all servers over 3 years old. This not only extends life, but saves maintenance costs. Beginning in 2006, efficiency was increased by introducing virtual server technology. As of 1/1/2014 over 80% of the County servers are virtualized.
- **Core Technologies Strategy:** IT continues to support a large demand despite a much smaller staff by implementing core technologies and processes. Projects for a continued focus on limiting technology components include:
 - Replacing Court Records Management system at the Trial Court.
 - Replacing the county's financial management system.
 - Replacing/Updating the County's core storage area network.

Strategic Direction for Technology during 2014-17

- **Sustainability:** Sustainability efforts focus on environmental sustainability and the ability of staff to support the infrastructure we operate at a high level of customer satisfaction and productivity.
- **Virtualization:** Server and desktop virtualization provide opportunities for both: they use less energy for the same computing power and require less staff effort for maintenance and provide better disaster recovery.
- **Core Technologies:** Limiting the number of technologies enables staff expertise to be more focused and effective.

- **Managed Desktop Environment:** Providing all staff with the same equipment, operating system and application base enables greater day to day stability, reliability and virus protection. It also enables a higher-than-industry-standard PC to staff ratio.
 - **Desktop Energy Savings:** staff will implement energy saving options to reduce energy consumption.
 - **Collaboration:** Washtenaw County will continue to support local units of government technology through revenue generating partnerships. Through these collaborations, local units receive quality service while the County IT receives funding on a cost recovery basis. The City of Ypsilanti, 14B District Court, and Dexter Area Fire currently contract for County technology support. Many collaborations with the City of Ann Arbor have been established, including a shared Data Center, applications, and infrastructure. As a core business value, IT continues to work to find collaborations with other government and public entities.
 - **Software as a Service** – As departments need new software to meet changing requirements, County IT will work with the department to find a Software as a Service (SaaS) option where possible. Hosting applications remotely reduces the number of servers maintained by the County while vendor application support reduces the already heavy load placed on the County's five person application support staff.
 - **Document Management:** Washtenaw County purchased OnBase, an Enterprise Content/Document Management system in 2005 in recognition of the growing demand to electronically manage documents. Through OnBase, the County can manage all electronic documents - including their creation, capture, storage, routing and electronic workflow, security, revision control, retrieval, distribution, preservation and destruction of documents and content. The OnBase system currently stores over 4.2 million documents from 12 departments. OnBase also manages many departmental work processes including Friend of the Court Domestic Filings, Court Services Document Intake, Prosecuting Attorney & Sheriff Arrest Warrant Processing (eWarrants), and Purchasing Contracts processing resulting in significant time savings and customer service improvements. In addition, the County has entered into a partnership with the City of Ann Arbor to host the City's document management and workflow within the County OnBase system. In exchange the City will share in the cost of OnBase maintenance and provide development expertise. Local units are now participating in the County's OnBase contract leading to reduced per-license costs.
- JD Edwards (Washtenaw County's ERP system):** Oracle's support for our current version of JD Edwards came to an end in 2013. In early to mid-2011, a team of county employees reviewed existing ERP systems to determine the next steps around JD Edwards. The team recommended that the County move to a third party support provider for JD Edwards. The third party support reduced costs and provides time to replace JD Edwards in a strategic manner. Originally it was targeted to save approximately \$1.25 million for the ERP system replacement. However during 2012, it was decided that it would take \$2 million to complete the project, which will be saved by the end of 2013. The process of selecting a system will begin in 2014, with targeted implementation timing developed as part of selection process.
- **TRIRIGA:** The County's asset and work management software will continue to be the primary tool in allowing us to find efficiencies in how we deliver our services, meet customer needs to assist them in supporting customers and extending the life of our most expensive assets especially our buildings.

- GIS:** The County's Geographic Information System has adjusted to new economic conditions by focusing on partnerships and cost savings efforts, while continuing to implement new technologies. The County has partnered with SEMCOG and its regional partners to acquire 2015 aerial imagery as part of the State of Michigan aerial imagery program. The partnership represents a significant savings over the cost of obtaining imagery through a single-county acquisition. The County continues to utilize a shared mapping framework with the City of Ann Arbor, which is constantly evolving with new functionality and platform support.

Technology & Capital Equipment Summary

In order to be good stewards of public resources, the technology provided to County employees is technology that is established, proven and economical rather than cutting edge. All decisions for technology are made upon careful consideration and investigation/analysis of return on investment. Washtenaw County citizens will most greatly benefit through enhanced customer service and through internal efficiencies that reduce the cost of doing business.

The following table summarizes the Technology Plan expenditures for 2014 through 2017.

Project Summary	2014	2015	2016	2017
	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
Technology Training	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Telecommunications	\$ 210,500	\$ 210,500	\$ 210,500	\$ 210,500
Desktop Equipment	\$ 560,000	\$ 560,000	\$ 560,000	\$ 560,000
Network Equipment	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000
Enterprise Applications	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000
Systems Integration	\$ 89,080	\$ 89,080	\$ 89,080	\$ 89,080
Contingency	\$ 61,145	\$ 61,145	\$ 61,145	\$ 61,145
Total Expenditures	\$ 1,210,725	\$ 1,210,725	\$ 1,210,725	\$ 1,210,725

FLEET SERVICES

The procurement, operation and maintenance of County owned vehicles are the responsibility of our Fleet Management Division. All transactions for the fleet will be accounted for in the Fleet internal service fund. The overall size of the County fleet is established by Board resolution in accordance with the quadrennial Planning Process.

Beginning in 2006, the county did a complete business review of fleet management operations and billing, deciding to change from operating a garage to professionally and strategically managing the fleet. The Garage Supervisor was converted to Fleet manager and in 2008/09 the Board of Commissioners approved updated Fleet Policies. A summary of the policy governing vehicle procurement and management is as follows:

- A. Monthly lease fees shall be determined for departments or agencies utilizing a formula developed by the Fleet Manager as well as the full life cycle cost of owning the vehicle including outfitting.
- B. The County Administrator shall develop the rules of the Fleet and notify the Board of any changes.
- C. Requests for equipment shall be made by the department head or designee during the quadrennial planning process.
- D. Distance boundaries are included for assigned take home vehicles.

A listing of vehicles scheduled by department is shown on the next page. A comparison with vehicles approved in the 2010/11 and 2012/13 budget is shown to demonstrate how fleet services have evolved.

2010 -2017 Vehicle Allocation by Department

Department	2010/11 Vehicles	2012/13 Vehicles	2014-17 Vehicles	Variance since 2010
Administration	1	1	1	0
Building Inspection	4	3	3	-1
Children's Services	3	3	3	0
Community & Economic Development	3	3	3	0
CSTS - All Units Combined	43	43	43	0
Fleet Services	0	0	1	1
Infrastructure Management	20	19	18	-2
Parks & Recreation	11	11	10	-1
Prosecuting Attorney	3	3	3	0
Public Defender	1	1	1	0
Public Health/Environmental Health	5	5	5	0
Sheriff - All Other Units	112	110	114	2
Sheriff - Emergency Management	2	2	2	0
Treasurer	2	2	2	0
Trial Court Juvenile Center	4	4	4	0
Veterans Services	1	1	1	0
Water Resources Commissioner	9	8	9	0
Total County Fleet	224	219	223	-1

1/8TH MILL ALLOCATION – BUILDING REPAIR & MAINTENANCE

An effective organization must carefully plan for and manage the use of its physical assets. The buildings, which comprise an organization's physical inventory, must meet the operating needs of that organization. As an organization devoted to serving the public, Washtenaw County's facilities serve as the support structure for County departments as they in turn provide service to the public. The process of capital planning and budgeting ensures that Washtenaw County facilities are developed and maintained in a manner that meets the needs of the County's citizens. The process recognizes that governments operate within specific fiscal constraints and resources are not available to accomplish every objective immediately. Through the planning process, capital needs are reviewed and prioritized. The result is a schedule of improvements and maintenance designed to match needs with available resources.

Capital improvement projects involve large expenditures of funds and generate a product, or facility, with a life of multiple years. Examples of capital improvement projects include:

- Remodeling or reconstruction of an existing facility
- Repair or replacement of building equipment (HVAC, plumbing, etc.)
- Repair or reconstruction of a major support system (parking lot, sidewalk, etc.)

Within Washtenaw County, the 1/8th mill allocation focuses on existing facilities. Development of new County facilities is a function of the County Space Plan. The primary activities that are contained in the 1/8th mill allocation are maintenance and improvements to existing facilities such as replacement of roof systems, carpeting and other interior finishes are also included in this process.

Infrastructure Management - Facilities Management is responsible for leading the 1/8th mill allocation planning and budgeting process. Development and implementation of the plan is a collaborative effort involving Finance, Infrastructure Management - Information Technology and Administration staff. Through review and analysis of existing facilities and identified space needs, capital improvement projects have been developed over the last 4 years. The projects address necessary upgrades of County facilities with respect to the condition of the building and its systems, safety, building code compliance (including the Americans with Disabilities Act), reduction of liability and energy management. We also budget for the expansion of existing security systems, while also focusing on the installation of Closed Circuit Television Systems (CCTV) in key facilities. It is expected that the rollout of Security systems and CCTV will continue over the next few budget cycles.

While reviewing replacement and maintenance schedules it was determined that there is a large amount of needed maintenance in the upcoming years. However, since resources have been declining since 2009, the resources are not available to meet all of these needs. Additionally, the switch to the preventative maintenance has extended the life of many systems, allowing the future maintenance and replacement to be rolled forward to later years. It should be noted, that additional deferred maintenance is held in abeyance pending large capital renovations or disposition that exceeds an estimated \$10 million dollars.

Process

Performance of the Capital Improvement Process involves a number of efforts:

1. **Annual review of the existing physical inventory of facilities:** Utilizing departmental staff and appropriate consultants, a review is performed of existing facilities to determine maintenance and improvement needs. Staff incorporate established preventive maintenance schedules into this review effort, along with industry standards for equipment replacement, life expectancy for specific equipment and knowledge of current performance levels.
2. **Response to departmental requests:** In response to departmental requests for remodeling or modification of their space through the Infrastructure Request process outlined above, the Facilities Management leadership team develops plans to meet identified space needs. The plans are developed in concert with the requesting department, utilizing their input to shape the product. This often involves the use of mechanical engineers, or other specialized consultants that provide specific expertise or background. Input is sought from all staff within Facilities Management, particularly the Maintenance Technicians and Skilled Trades. These employees' hands-on experience and knowledge of County facilities is an invaluable element in the development of building renovation plans.
3. **Ongoing examination of projects and priorities:** Throughout the year, Facilities Management encounters requests for building changes and improvements, as well as unanticipated maintenance needs. Staff review the requests and maintenance needs and determine relative priority in relation to projects already established or in development. If necessary, project schedules may be renegotiated to reflect the urgency or priority of need. It should be noted that while it is necessary to acknowledge that emergencies can arise, it is the intent of the planning process to minimize their occurrence.

The result of this planning process is a Preventative Maintenance Schedule. This schedule illustrates the County's plan for repair, maintenance or replacement projects within County Facilities. It addresses such major systems as HVAC systems, roof systems, parking lots, carpet, etc. The first two years of this plan identifies specific projects that will be implemented within the budget allocation. It provides information on the type of project, estimated cost and the proposed timeframe for implementation. Management of the Capital Maintenance Plan is the responsibility of the Office of Infrastructure Management, and County Administration.

In 2007, Facilities Management switched from operating as a reactionary organization to one which concentrates more on preventative maintenance. By completing all preventative maintenance work on time, we have reduced the number of equipment breakdowns and the need for emergency maintenance work. This has freed both staff and funds for completing planned maintenance and project work. In addition, we are able to provide more accurate life expectancy estimates of the county's equipment. There are 5 key strategies that we are using to make this effort successful:

1. Organizational processes support balanced preventative and demand maintenance
2. All maintenance work meets or exceeds quality standards
3. Tririga, our computer aided facilities management system, supports all FM functions
4. Continuously improve maintenance processes
5. Customers are encouraged to support maintenance initiatives

The cost estimates for planned 1/8 Mill projects are prepared through the review of current construction costs, historical construction cost data and the professional experience and judgment of

the staff. Funds for the projects are provided by the quadrennial budget resolution of the County Board of Commissioners which allocates 1/8 Mill for capital improvements from the General Fund.

The 2014-2017 proposed budgets for the 1/8th mill allocation is provided below with allocations shown by building. The entire amount will be reflected in the Capital Outlay category which reflects the Board of Commissioners priority of 1/8th Mill being allocated to the ongoing maintenance of our infrastructure. The amount shown in All County includes the annual repayment of the Chevron bond payment for energy efficiencies and allocated amount for systems and infrastructure that support all county properties and departments including replacement schedules for carpet, paint, sidewalks, HVAC, security systems and signage. All of these proposed budget allocations are preliminary and subject to a final, thorough infrastructure review at the end of each fiscal year to ensure costs are allocated where necessary.

2014-2017 Preliminary 1/8th Mill Project List

Project Summary	2014	2015	2016	2017
	Adopted	Adopted	Adopted	Adopted
Building Exterior	\$ 58,000	\$ 123,000	\$ 33,000	\$ 15,000
Caulking/Sealing	\$ 69,000	\$ 90,000	\$ 40,000	\$ 40,000
Chevron	\$ 418,791	\$ 409,012	\$ 422,878	\$ 436,111
Detention Pond Burn - Muck Out	\$ -	\$ 5,000	\$ -	\$ -
Electrical Systems Repair/Replace	\$ 65,000	\$ 17,000	\$ 70,000	\$ 5,000
Flooring	\$ 60,000	\$ 60,000	\$ 60,000	\$ 150,000
Interior Building Repair/Replace	\$ 33,800	\$ 111,000	\$ 70,000	\$ 60,000
Kitchen Floor	\$ 30,000	\$ -	\$ -	\$ -
Mechanical Systems/Components	\$ 140,500	\$ 127,000	\$ 60,000	\$ 40,000
Paint	\$ 50,000	\$ 50,000	\$ 50,000	\$ 100,000
Parking Lot	\$ -	\$ 20,000	\$ 250,000	\$ -
Roof	\$ 165,000	\$ -	\$ -	\$ 100,000
Security/Safety Systems	\$ 50,000	\$ 75,000	\$ 75,000	\$ 75,000
Shelter Floor	\$ -	\$ 25,000	\$ -	\$ 10,000
Store Front Doors and Windows	\$ -	\$ 15,000	\$ -	\$ -
Windows	\$ 5,000	\$ 10,000	\$ -	\$ -
Windows Sills	\$ -	\$ -	\$ 5,000	\$ -
Contingency	\$ 1,395	\$ 9,474	\$ 10,608	\$ 115,375
Total	\$ 1,146,486	\$ 1,146,486	\$ 1,146,486	\$ 1,146,486

WASHTENAW COUNTY SPACE PLAN

Background

In 2006, Washtenaw County undertook a space planning project at the direction of the Board of Commissioners. The outcome of this project was to identify the overall facility needs for the County over the course of the next twenty years and to identify immediate space needs for the period of 2007 – 2010. The Space Plan report dated November 1, 2006 and as reflected in resolution #06-0246 reflects the findings of several data gathering processes, including:

- Compilation of several facility planning projects;
- Facility needs assessment analyses;
- Public engagement with key stakeholder groups, including other local units of government, the for-profit sector and the not-for profit sector;
- Assessment of current County facilities and their value;
- Review of demographic and population information;
- Strategic planning by various departments within Washtenaw County.

The result of these efforts was a document that projected space needs for the future of Washtenaw County. This document will continue to be updated on a frequent basis, in conjunction with the County's quadrennial budget process, and will provide a framework for the planning elements undertaken in each budget cycle.

To date most of the immediate needed items in the Space Plan have been completed. The County has completed the new 14A-4 Saline District Court project, the jail expansion and infrastructure renovation project and the new 14A-1 District Court facility. The county completed the movement of the data center in a joint venture with the City of Ann Arbor. A scaled down version of the Towner Health Campus renovation was completed. The programming study of the Eastern County Government Center – 14A-2 District Court, ETCS relocation and the identification of needs for the Juvenile Division of Family Court has been completed.

County Space Needs: 2008 – 2026

With the completion of these new projects the County's building infrastructure was thought to be well-positioned to support the business needs of Washtenaw County through the coming decade, although that will need to be reviewed as the organization continues to evolve through this economic downturn. A long range plan for the use of Zeeb Road and the master planning of the service center as a Social Justice Campus are also long-term considerations.

The county continues to focus on the improvement of existing facilities through the 1/8th mill allocation, coupled with the judicious consolidation of workspace as an overall strategy.

Two new initiatives that will assist in providing the framework in which to achieve a coordinated plan for the most efficient utilization of the county's facilities:

1. The implementation of County-wide standards for resources such as space and design standards.
2. Initiating the creation of a county master plan for development and department location to provide the road map for future space plan implementation.

Implementing these standards and master plan in alignment with best practices developed by peer organizations and professional associations provides an excellent opportunity for the Office of Infrastructure Management to:

- Clarify expectations around resource allocation
- Streamline procedures for providing those resources
- Create local unit collaboration opportunities
- Reinforce dual accountability between departments and Infrastructure Management
- Introduce transparency to the decision-making process

By applying these policies throughout Washtenaw County, we will create a more cohesive organization and also reduce the cost of doing business. The policies that govern our operations will periodically be presented to the Board of Commissioners as they are updated to reflect the Board's current objectives and our internal operating practices. These updated policies as well as direction from the Board will continue to influence the next steps relating to the pending space needs of the county.

Strategic Infrastructure Plan - 2013

Due to declining revenue beginning in 2009, it became clear that Washtenaw County needed to right-size the infrastructure to meet the new reduced services being delivered by Washtenaw County. During the first half of 2013, the Office of Infrastructure Management in partnership with key stakeholders and department leaders, evaluated all County space, both owned and leased. The evaluation included a review of individual departmental operations, current floor plans, and programmatic operational efficiencies and effectiveness of infrastructure support. Infrastructure Management recommended space adjustments that align the departmental space with its service delivery model, within the appropriate geographical area, to improve community impact.

The goal of the Office of Infrastructure Management is to develop comprehensive infrastructure programs that align Washtenaw County's physical and technological infrastructure assets with its policy direction, its internal and external stakeholders, and its current resources environment. The plan identifies management architecture, individual projects, general scope roll up, initiated budget, and specific roles and responsibilities for leadership members. The strategy to "right size" the County's infrastructure by strategic divestment or repurposing of county properties incorporated consideration for:

- public service delivery efficiencies
- optimal growth and flexibility
- life cycle cost
- economic and environmental efficiencies

The Board of Commissioners approved the following projects:

- Platt Road:
 - Demolish the Old Juvenile Center
 - Redevelop the Platt Road site to design a mixed use site for affordable housing, alternative energy solutions, and County offices
- 200 N Main:
 - Consolidate land records from lower level to 1st floor
 - Remodel lower level to accommodate administrative offices for County departments
- 220 N Main:
 - Repurpose space in garden level, including redesigning conference room space
- 110 N Fourth:
 - Relocate the Office of Infrastructure Management, Office of Community and Economic Development, and the Public Defender to appropriate leased and County-owned space
 - Build out and move Adult MI program staff (Community Support and Treatment Services) to the entire building

- Service Center:
 - Redesign LRC as a full conference center, providing County owned space for large and small meetings
 - Service Center Parking improvements, including adding 110 new spaces, rebuilding the lot between the LRC and courthouse, and resurfacing entry drive off Hogback
- 2140 Ellsworth:
 - Repurpose vacated space for Youth and Family Services
- Towner II:
 - Relocate all service delivery units to 1st floor of Towner II
- Location To Be Determined:
 - Determine location and develop Specialty Vehicle Storage for Sheriff and other departments

Washtenaw County through the work of the Office of Infrastructure Management is committed to a program of proactive planning and execution to ensure a safe, secure, attractive, and effective work environment that supports our customers: citizens, staff and our partners in the community. The County's infrastructure portfolio includes 24 buildings totaling approximately one million square feet of space on 93 acres, over 1,500 personal computers, and 175 servers running 100+ server-side applications delivered via a 62 mile private fiber optic data network.

DEBT SERVICE

The issuance of debt is controlled by various State of Michigan Statutes, which limits amounts and times for capital and other projects of the county. Depending on the applicable legislation, repayment is provided from a number of sources. In some cases the repayment comes from separate funds but with the general faith and credit of the county as additional security, while in other situations debt service is a direct charge to the General Fund of the county.

The six county agencies having statutory authority to issue bonds include:

- 1) The County as a whole for a General Obligation bond requiring voter approval of a specific bond issue
- 2) The County Treasurer for cash flow borrowing
- 3) The County Building Authority for capital improvement and expansion projects
- 4) The County Water Resources Commissioner for drainage projects
- 5) The County Board of Public Works for sewer, water or solid waste type projects
- 6) The County Road Commission when the Michigan Transportation Fund is involved

Prior to 1979, State law permitted counties to levy extra property tax millage to retire debt on construction projects within limits, without a vote of the people. The State Headlee Constitutional Amendment now requires new issuances to be paid from within operating millage unless there is a specific vote of the people approving it. Therefore, the county now has a combination of debt retirement from outside the operating millage (pre-Headlee projects) and from within operating millage (post Headlee projects).

The county has entered into lease agreements with the Washtenaw County Building Authority, a separate nonprofit corporation, established under Act 31, P.A. Michigan 1948, for the use and improvement of various county buildings and facilities. By agreement, the leases are scheduled to terminate when sufficient rentals have been paid to the Building Authority to retire the related bond issues. At termination of the leases, titles to the leased properties will be passed to the county. Since the Building Authority is part of the governmental unit's entity for financial reporting purposes, the debt and assets of the Building Authority are reported as part of county funds.

The county has entered into lease agreements with various local units of government and agencies representing the amount of the bonds sold by the county to finance the construction of water and sewer systems for the local units of government and agencies. In compliance with Act 185, P.A. Michigan 1957, as amended, the county maintains ownership, and the local units of government and agencies operate, maintain, repair, insure and manage the systems.

Washtenaw County has established specific procedures that govern the issuance of debt, regardless of which agency initiates the process, which include but are not limited to the following:

- A. Total County debt shall not exceed 10% of the county's equalized property value. Computation of Legal Debt Margin can be found later in this section.
- B. Bonds will be paid off within a period not to exceed the useful life of the project.
- C. The Board of Commissioners shall promote projects which meet comprehensive plans and goals.

D. The Board of Commissioners shall review the feasibility of a local unit of government's request based on plans and goals and determine if the county's full faith and credit shall be approved to support County bonds and notes.

E. The County Administrator, or his/her designee, shall be responsible for the administration and implementation of county policies and procedures and shall work closely with those Boards, Authorities or Officials that have county responsibility in determining feasibility and in implementing such projects.

F. The County shall appoint a financial and bond counsel advisor and said consultant may assist the County Administrator in reviewing a government's bond requests. The services of the adviser shall only be used after it is determined that county staff cannot provide the information.

G. The County Administrator shall provide, in writing, information which will assist the county to determine if a project is reasonable and should or should not be supported to receive county full faith and credit. Such information shall relate to county policies and procedures and shall be provided to the Board of Commissioners and other authorizing Boards and authorities within sixty (60) days after its receipt. Comments from the County Administrator shall come from but are not limited to the following:

1. Input from the County Board or authority having statutory authority over the project regarding the project's technical acceptability
3. Input on how the financing of the project will affect financing projects of other local governments, county government or its agencies over the next five years
4. Input on how the project compares to the county formula for fund bond allocations for individual units of government
5. Input from a benefit analysis report for the project as it relates to the county's own funding allocation program
6. Input through a credit analysis carried out by the county appointed financial and bond counsel advisor

H. A local unit shall demonstrate its ability to retire county bonds as its schedule defines. If a feasibility study has been completed on a pay back schedule it should be included. The alternative methods of pay back include:

1. If by revenues, what kind?
 2. If by taxes, would it be through extra taxes or within the existing tax levy?
 3. If by general appropriations, are there guarantees that the appropriations will continue to be collected?
 4. By special assessments
 5. By connection charges or other extended annual charge
 6. By any combination of the above
 7. And other statutorily collected and distributed revenues
- I. If growth in tax revenues as user fees is the approach to retiring bonds and notes, the local unit shall identify the projected rate of growth and how that rate was determined.
- J. A local unit shall identify any reserve funds that will exist to assist the local government retiring the bonds or notes if the primary source of repayment is depleted.

K. In addition, to all other statutory requirements, any county agency issuing bonds or notes shall notify the Finance Department Head of pending issues, roles, funds, and bank accounts established and other relevant information to issuance so that the Finance Department may establish proper records and monitor the total county debt.

L. County cash flow borrowings initiated by the County Treasurer, as agent for the county, shall be restricted for the purpose of paying 100% of the delinquent real property taxes for the preceding year to the county and all units of government within the county.

M. Proceeds from long-term debt will not be used for current ongoing operations.

Source: Board of Commissioners Full Faith and Credit Policy, Resolution 07-0222; Full Faith and Credit County Procedure.

ANALYSIS OF DEBT & SOURCES OF FUNDING

County indebtedness consists of General Obligation Bonds and Notes, Special Assessment Bonds and Installment Notes.

General Obligation

General obligation bonds and notes include Waterworks Serial Bonds, Sanitary Sewer Improvement Serial Bonds, State Revolving Fund Act 185 Bonds, Michigan Department of Transportation Loan, Michigan Transportation Fund Bonds, Building Authority Bonds and Delinquent Tax Notes. As explained previously, the county enters into lease agreements with various local units of government and agencies sufficient to cover indebtedness of bonds sold for the construction of water and sewer systems, roads and transportation improvements, building expansions and capital improvement projects. The county also has a financing arrangement for Delinquent Tax Notes whereby a bank will refinance delinquent tax notes monthly based on the FMC 7-day Commercial Paper rate, for an amount dependent upon delinquent tax collections. Delinquent property taxes receivable are pledged as collateral for repayment of the outstanding delinquent tax notes.

Special Assessment Bonds and Installment Notes

Special Assessment Bonds and Installment Notes include Drain Improvement Bonds and Notes and Road Commission Notes. The debt is repaid from special assessment levies against benefited property owners. The county has pledged its full faith and credit for payment of the Drain Improvement Notes and Bonds. The Road Commission Improvement Bonds are backed by the full faith and credit of the local units of government (townships).

Debt Capacity Schedules

The schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the ability to issue additional debt in the future. Four schedules are presented on the following pages within this section:

- Schedule of Bond Indebtedness and Notes Payable for 2014
- Schedule of Debt Service Requirements for 2014 through 2032
- The Sources of Funding summary for debt retirement in 2014
- The Computation of Legal Debt Margin

**SCHEDULE OF BOND INDEBTEDNESS & NOTES PAYABLE
JANUARY 1, 2014**

DESCRIPTION	INTEREST RATE	FISCAL	PRINCIPAL OUTSTANDING 1/1/2014	FISCAL YEAR 2014		BALANCE OUTSTANDING 1/1/2015
		YEAR OF FINAL MATURITY		PRINCIPAL	INTEREST	
GENERAL OBLIGATION						
Water/Sewer Serial Bonds	1.625% - 4.25 %	2028	\$ 24,772,279	\$ 2,545,000	\$ 773,718	\$ 22,227,279
Road Commission Bonds	2.0% - 4.5 %	2012	\$ 5,400,000	\$ 600,000	\$ 108,000	\$ 4,800,000
Building Authority Bonds	1.75% - 4.75 %	2028	\$ 51,720,000	\$ 7,285,000	\$ 1,826,728	\$ 44,435,000
Delinquent Tax Notes	1.2% - 2.0%	2012	\$ 5,500,000	\$ 5,500,000	\$ 43,875	\$ -
SUBTOTAL			\$ 87,392,279	\$ 15,930,000	\$ 2,752,321	\$ 71,462,279
SPECIAL ASSESSMENT						
Drain Improvement Bonds	1.625% - 6.5%	2031	\$ 12,217,469	\$ 864,500	\$ 344,188	\$ 11,352,969
Road Commission Bonds	2.0% - 4.5 %	2020	\$ 1,415,000	\$ 181,000	\$ 33,523	\$ 1,234,000
SUBTOTAL			\$ 13,632,469	\$ 1,045,500	\$ 377,711	\$ 12,586,969
INSTALLMENT NOTES						
Drain Improvement Notes	1.625% - 6.5%	2019	\$ 359,916	\$ 205,166	\$ 26,193	\$ 154,750
Road Commission Notes	2.0% - 4.5 %	2013	\$ -	\$ -	\$ -	\$ -
SUBTOTAL			\$ 359,916	\$ 205,166	\$ 26,193	\$ 154,750
TOTAL INDEBTEDNESS			\$ 101,384,664	\$ 17,180,666	\$ 3,156,225	\$ 84,203,998

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital (water, sewer, road and building) projects and facilities, and general obligation notes to provide monies for the purchase of the delinquent taxes receivable from local units of government. Special assessment bonds and installment notes are issued by the Water Resources Commissioner for drain projects and Road Commission for road projects.

**DEBT SERVICE REQUIREMENTS-ANNUAL PRINCIPAL
AND INTEREST REQUIREMENTS 2014-2032**

FISCAL YEAR	GENERAL OBLIGATION BONDS AND NOTES		SPECIAL ASSESSMENT BONDS AND NOTES		NOTES PAYABLE		TOTAL DEBT REQUIREMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014	\$ 15,930,000	\$ 2,752,321	\$ 1,045,500	\$ 377,711	\$ 205,166	\$ 26,193	\$ 17,180,666	\$ 3,156,225
2015	\$ 10,845,000	\$ 2,376,637	\$ 1,063,000	\$ 350,957	\$ 34,950	\$ 7,953	\$ 11,942,950	\$ 2,762,301
2016	\$ 10,150,000	\$ 2,031,918	\$ 902,348	\$ 325,425	\$ 29,950	\$ 6,170	\$ 11,082,298	\$ 2,389,045
2017	\$ 6,610,000	\$ 1,696,725	\$ 863,000	\$ 302,251	\$ 29,950	\$ 4,627	\$ 7,502,950	\$ 2,026,777
2018	\$ 6,310,000	\$ 1,505,295	\$ 871,000	\$ 278,789	\$ 29,950	\$ 3,085	\$ 7,210,950	\$ 1,810,631
2019	\$ 5,710,000	\$ 1,325,631	\$ 901,000	\$ 254,119	\$ 29,950	\$ 1,547	\$ 6,640,950	\$ 1,605,967
2020	\$ 4,857,279	\$ 1,148,876	\$ 876,000	\$ 228,617	\$ -	\$ -	\$ 5,733,279	\$ 1,402,995
2021	\$ 4,400,000	\$ 988,944	\$ 858,000	\$ 203,278	\$ -	\$ -	\$ 5,258,000	\$ 1,217,561
2022	\$ 4,470,000	\$ 832,694	\$ 826,209	\$ 178,358	\$ -	\$ -	\$ 5,296,209	\$ 1,035,972
2023	\$ 3,675,000	\$ 673,563	\$ 755,638	\$ 154,967	\$ -	\$ -	\$ 4,430,638	\$ 851,921
2024	\$ 3,810,000	\$ 534,341	\$ 773,000	\$ 132,143	\$ -	\$ -	\$ 4,583,000	\$ 666,484
2025	\$ 3,515,000	\$ 389,010	\$ 804,000	\$ 108,526	\$ -	\$ -	\$ 4,319,000	\$ 497,536
2026	\$ 3,630,000	\$ 248,810	\$ 814,962	\$ 84,046	\$ -	\$ -	\$ 4,444,962	\$ 332,856
2027	\$ 2,480,000	\$ 124,752	\$ 596,031	\$ 61,408	\$ -	\$ -	\$ 3,076,031	\$ 186,160
2028	\$ 1,000,000	\$ 19,481	\$ 604,000	\$ 42,540	\$ -	\$ -	\$ 1,604,000	\$ 62,021
2029	\$ -	\$ -	\$ 606,006	\$ 24,089	\$ -	\$ -	\$ 606,006	\$ 24,089
2030	\$ -	\$ -	\$ 357,543	\$ 9,775	\$ -	\$ -	\$ 357,543	\$ 9,775
2031	\$ -	\$ -	\$ 97,148	\$ 2,293	\$ -	\$ -	\$ 97,148	\$ 2,293
2032	\$ -	\$ -	\$ 18,084	\$ 356	\$ -	\$ -	\$ 18,084	\$ 356
TOTAL	\$ 87,392,279	\$ 16,648,995	\$ 13,632,469	\$ 3,119,648	\$ 359,916	\$ 49,575	\$ 101,384,664	\$ 20,040,962

The schedule reports a debt service requirement summary for the total reporting entity and includes principal and interest payments, for General Obligation Bonds and Notes, Special Assessment Bonds and Installment Notes Payable.

SOURCES OF FUNDING FOR 2014

DESCRIPTION	OPERATING MILLAGE	OTHER GOV. UNITS	SPECIAL ASSESSMENTS & PROJECT REVENUE	INTEREST EARNINGS AND PENALTIES	TOTAL
GENERAL OBLIGATION					
Water/Sewer Serial Bonds			\$ 3,318,718		\$ 3,318,718
Road Commission Bonds			\$ 708,000		\$ 708,000
Building Authority Bonds			\$ 9,111,728		\$ 9,111,728
Delinquent Tax Notes				\$ 5,543,875	\$ 5,543,875
SPECIAL ASSESSMENT					
Drain Improvement Bonds	\$ 77,500	\$ 77,500	\$ 1,053,688		\$ 1,208,688
Road Commission Bonds			\$ 214,523		\$ 214,523
INSTALLMENT NOTES					
Drain Improvement Notes			\$ 231,359		\$ 231,359
Road Commission Notes			\$ -		\$ -
TOTALS BY SOURCE	\$ 77,500	\$ 77,500	\$ 14,638,016	\$ 5,543,875	\$ 20,336,891

The Sources of Funding for 2014 table shows the difference between operating millage and pre-Headlee millage basis of funding. Special assessment and project revenue comes from lease agreements, special assessment levies and some charge backs to districts or benefited property owners for services provided and time spent on specific projects. Interest and penalties revenue is comprised of interest earnings and collection fees.

**COMPUTATION OF LEGAL DEBT MARGIN
JANUARY 1, 2014**

Debt issued for purpose of County functions only:	
General obligation tax notes	\$ 5,500,000
Building authority bonds	\$ 51,720,000
Notes payable	\$ 116,853
County share of drain bonds and notes	\$ 420,682
Subtotal	\$ 57,757,535
Debt issued for benefit of local improvements:	
Drain bonds and notes	\$ 12,039,850
Public works - water & sewer	\$ 24,772,279
County Road Commission	\$ 6,815,000
Subtotal	\$ 43,627,129
Total debt issued with County full faith and credit	\$ 101,384,664
Washtenaw County debt limit:	
2013 Assessed Value - Real & Personal Property *	\$ 15,579,456,634
Constitutional debt limit	10%
County debt limited	\$ 1,557,945,663
Outstanding debt	\$ 101,384,664
Remaining debt limit against which bonds may be issued	\$1,456,560,999
Outstanding debt as a percentage of limit:	6.51%

* **Source:** County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax, and prior to any Board of Review actions

The Computation of Legal Debt Margin schedule provides the calculation for the current debt of the county as a percentage of allowable debt (10% of the County's equalized value).