

To: Tuscola County Board of Commissioners
Chairperson, Gerald Peterson
From: Controller/Administrator
Michael R. Hoagland
Date: April 13, 2004
Re: County Project Activity Report

The following report is intended to provide the status of more significant projects and work activities of the county. The report is divided into projects that are underway in 2004, projects to be started in 2004 and projects that were completed in 2003. It will be updated at different points during the year to provide commissioners, employees, and the general public an on-going status report of various activities and projects of County Government.

2004 ACTIVITIES THAT ARE UNDERWAY

1. Financial Planning

- ❖ The 2004 budget is balanced primarily through considerable use of fund balances and of one-time sources of funds, postponing many needed equipment and capital items and employee wage/health insurance concessions. Balancing the budget in this manner cannot continue on a long-term basis.
- ❖ The Controller/Administrator has completed a PowerPoint presentation providing an overview of current financial conditions, summary of financial trends and projections, problem identification and potential solutions. This information was presented to Commissioners and State Officials at the MAC 7th District meeting in Lapeer on March 19, 2004. This same presentation will be made to department heads on April 7, 2004. An action plan needs to be developed to regain financial stability and determine how the 2005 and future year county budgets will be balanced.

The state has proposed replacing state revenue sharing paid to the county with a one-time property tax levy.

2. Courthouse Plumbing Problem

- ❖ Horizontal pipes in the Courthouse have been successfully replaced. This will correct an on-going problem with leaks in this 70 plus year old building. Costs for the project were approximately \$30,000.

3. Animal Control

- ❖ The animal control agreement with Sanilac County has been expanded to include a licensure enforcement program in 2004 to assure animals are properly vaccinated. The 2004 county budget assumes enough revenue will be generated from fines to pay the added costs of conducting the program. This program will begin in the spring of 2004.
- ❖ There is strong satisfaction with animal bite and cruelty work currently be conducted under agreement with Sanilac County. The Humane Society continues to house and place animals from the former animal control facility.

4. Containing Health Insurance Cost Increases

- ❖ At the December 23, 2003 meeting of the Tuscola County Board of Commissioners

action was taken to change the County Health Insurance Plan. Meetings were conducted with employees in the fall of 2003 to explain escalating health insurance costs and the inability of the county to continue to pay these increases. The 2004 County Budget is premised on realizing Health Insurance cost savings. The goal is to implement these changes for all union and non-union employee groups.

- ❖ Non-union hourly and salaried employees were given the option to be placed in a reduced coverage plan or the employee could buy up to their previous coverage levels. These changes were implemented effective March 1, 2004 for non-union employees, MAP and POLC (dispatchers) employees. These same changes are being negotiated with the remaining unions.

5. County Policy

- ❖ The County Board has completed approximately 90% of a comprehensive re-write to overall County Policies. Policies are being reorganized and simplified. After drafts of certain policies are completed, they are being submitted to departments for review and comment. The Committee is requesting that all questions and comments are submitted in writing. Upon completion all employees will receive a copy of the policies for reference.

6. Government Accounting Standards Board-Rule 34

- ❖ Tuscola County, as with most other units of government in the nation, must comply by the end of 2003 with new accounting standards called GASB-34. These are new accounting standards that require significant changes in the organization and format of information presented in the County Comprehensive Annual Financial Report. Significant time by staff and the auditors is required to gain compliance. The 2003 Comprehensive Annual Report will be GASB-34 compliant.

7. Labor Negotiations

- ❖ All county labor contracts expired at the end of 2003. Negotiations have been underway with all of these groups. In all likelihood one-year contracts will be approved for 2004. This means negotiations will have to be conducted in the fall of 2004 for 2005.

8. Vanderbilt Park

- ❖ Vanderbilt County Park is now open as a rustic facility. The park will be mowed on a limited basis. In order to contain costs there will be no electricity provided at the campsites. An honor system will be activated to collect camping fees.
- ❖ The county will investigate a potential state take-over of this park. If it is not used as a park, it reverts to the Vanderbilt family.

9. County Comprehensive Annual Financial Report

The 2003 County Comprehensive Annual Financial Report is under development. This is an in-depth financial report that provides a comprehensive assessment of county financial status at year-end 2003 following Generally Accepted Accounting Principles. The report is an accurate and in-depth presentation of county financial position as evidenced by three consecutive years of being awarded the Certificate of Achievement in Financial Reporting from the Government Finance Officers Association of the United States and Canada.

10. Health Insurance Portability Accountability Act

The County has adopted a policy to gain compliance with the requirements of this act.

However, in-house policies and procedures must be developed and put in place to be in full compliance. This act requires privacy and protection of all personal health information. Procedures and training will have to be developed to assure the required protection. The county has to be compliant by April of 2004. Final policies and procedures may be able to be obtained from a benefits company called Infinisource. Staff is continuing to review obtaining assistance from this company

11. County Property, Liability and Related Insurances

Staff is preparing information that will enable receiving a proposal for insurances from the Risk Management Authority as well the Michigan Municipal Liability and Property Pool for insurance coverage.

12. Cost Reduction from County Vendors and Service Providers

During the first quarter of 2004 the county will request a cost reduction of 5% from county vendors and service providers.

13. MSU Extension Staffing

The county is in discussion with Michigan State University of possible methods of sharing in cost to restore 4-H and other limited support staff at the Extension Service.

14. Millington Downtown Development Authority

The County is in discussion with the Village of Millington to enable an expansion of the Downtown Development Authority. The County is willing to share with the Village in the capture of future taxes in an expanded district but only in a logical expansion of a commercial area.

2004 ACTIVITIES TO BE STARTED or ARE ON-GOING

1. Monitor how the State balances the 2004/2005 Budget and the impacts of state expenditure reductions on the county and county funding.
2. Conduct a review to determine progress being made by the court in the following areas: collection of delinquent court fines and costs, warrant entry, assignment of court appointed attorney's, reductions in performance incentive payments from the state, parent fiscal responsibility for delinquent childcare costs, etc.

3. Update non-union personnel policies and distribute to affected parties for review and comment before adoption.
4. Continue to identify issues of importance to Tuscola County Government and continue meetings with the State Representative, State Senator, and Michigan Association of Counties to implement necessary changes.
5. Continue to work with the Road Commission and Drain Commission to assure implementation of County Board directed changes in the method of assessing and financing drainage work.
6. Prepare the 2004 County Comprehensive Annual Financial Report.
7. Monitor county animal control operations including: Humane Society, contract with Sanilac County, and Health Department.
8. Continue to work with the county labor attorney, Employee Benefit Resources and labor unions to determine health insurance cost cutting measures.
9. Monitor the status of various lawsuits pending against the county including Nativity, Enriquez, Notary, and Building Code cases.
10. Continue to review and assess short and long term solutions to county office space and storage needs (2008 potential availability of Family Independence Agency Building to the County or collection of rent) (possible assessment of a fee on traffic fines for office/storage space purposes).
11. Begin negotiating employee contracts that will expire at the end of 2004. All current contracts are one year and expire at the end of 2004).
12. Review and approve Apportionment and Equalization Reports.
13. Work with the state, local entities, and County Economic Development Corporation to stimulate economic development. Identify specific tasks that can be undertaken.
14. Monitor jail inmate counts and costs of housing prisoners in other counties.
15. Complete close out of Debt Service and Construction fund balances and transfer these funds as appropriate.
16. Develop a plan for the future use and access to county owned property.
17. Determine if the county is successful in obtaining an increase in grant funds to expand the housing rehabilitation program in the County.
18. Monitor progress by the courts, dispatch, and sheriff in methods of warrant entry.
19. Review recommended changes made by employee input committee.
20. Complete the restructuring of the Environmental Health Director to a county employee.

21. Begin an evaluation of alternative methods of containing escalating medical malpractice insurance costs to the county involving the jail health program.
22. Implementation of the new phase II wireless system for dispatch will begin in 2004. This system will give the ability to locate a cellular telephone caller.

ACTIVITIES COMPLETED IN 2003

1. Reduction in Resident Telephone Surcharge Costs

The surcharge on residents telephone bill was reduced. These funds are used to pay for the costs of the County 911/Dispatch operation. The decision to reduce these costs was made after a review that determined more funds were being received than were required at this time. Taxpayer savings is estimated at \$3 per phone line per year.

2. National Prescription Health Insurance Plan

The Board of Commissioners entered into an agreement enabling a prescription discount for residents of Tuscola County who are at least 18 years of age and are required to pay for prescriptions with cash. The average prescription medication savings per person from this program is approximately 20%. In Macomb County Michigan, which has been in the program the longest, the average annual dollar savings was \$270 per person. Press coverage and meetings with human service departments have been held to help explain the availability and benefits of the program.

3. Medical Examiner System

Dr. Smallwood resigned and Dr. Larry Cole replaced him as the Chief Medical Examiner of Tuscola County. A new independent contractor agreement with Dr. Cole was prepared and approved. Dr. Smallwood will continue to serve as the Deputy Medical Examiner. He will also continue his other roles in the county including Medical Director at the Health Department and Administrator of the County Jail Health Program.

4. Unified Court Budget

The Budgeting/Accounting structure of the Court was changed from multiple court budgets to one primary court budget. The Friend of the Court and Child Care Fund budgets will remain as separate special revenue funds. The State has approved a law that provides the legal structure enabling Judges to work in different areas according to need that will be extremely beneficial using the unified court system.

5. County Master Plan

Development of the County Master plan has been completed. Copies have been distributed to local units of government.

6. Tax/Parcel Information On-Line

The county has implemented a database of tax and parcel information that can be accessed through the Internet. This Internet access is convenient and useful to many public and private entities. This information has been available since the end of March. The annual subscription cost is \$160 per year.

7. Register of Deeds Fee Changes

Recent legislation has provided for an increase in fees collected in the Register of Deeds Office. These fees will be used to establish a technology fund to maintain and expand technological capability in the Register of Deeds Office. The Board of Commissioners appropriates the use of these funds. The fee increase will also provide more funds for the surveying remonumentation program. This will enable the completion of this program in a shorter period of time.

8. Dispatch Computer System

On February 3, 2003 Tuscola County Central Dispatch obtained a new Computer Aided Dispatch System installed by LogiSYS, Inc. The system is fully operational. It will decrease the time it takes Central Dispatch operators to dispatch fire and ambulance departments via the system's capability of automatic paging. In the near future, the system will be capable of providing detailed location information and the telephone number for wireless callers. The system has detailed record-keeping capabilities to assist police, fire, ambulance and other users. The system cost was approximately \$200,000.

9. Building Codes

In 2002, the county entered into a contract with South Central Michigan Construction Code Inc. (SCMCCI) to perform construction code services in Tuscola County. Building code work conducted by this organization is well received by contractors and the public. The County continues to monitor the change from a county-based building code operation to contracting with SCMCCI.

10. County Insurance Renewal

The County maintains property, general liability, vehicle, and other insurance coverage with the Michigan Municipal Liability and Property Pool. The renewal cost increase for the

2003/2004 period is approximately 10.5%. In 2002, the county increased deductibles to lower premium costs. Each year budget provisions have to be made to cover potential higher deductible costs.

11. Millington Township Police Services Contract

The County and Sheriff have entered into a three-year contract with Millington Township to provide police services. This is the third township that has decided to contract with the sheriff department for police services.

12. Lease Agreement Regarding the Cox House

Repairs to the house along Sherman Street behind the Jail have been completed. Roof, porch, and hot water heater repairs were made. The county was obligated to make these repairs as part of the lease arrangement. The individual in the home is entitled to reside there until their death at which time the county takes ownership.

13. Medical Care Facility Remodeling and Addition of Alzheimer's Beds

Voters approved one mil to make major improvements to the current Medical Care Facility, build 20 beds for Alzheimer's patients and provide for the construction of assisted living units. Bids were received for the issuance of \$12,800,000 in bonds. The bid was awarded to A.G. Edwards for an average annual interest rate of 3.97%. Bond repayment will occur over a 15-year period. Construction will begin by mid-year 2003. It is anticipated that construction will take up to two years to complete.

14. Law Enforcement Information Network Cost Savings

Tuscola County has completed the installation of a single dedicated connection to the State of Michigan Network. This dedicated connection reduced the cost of access to the LEIN (Law Enforcement Information Network) by over \$20,000 annually. The long-term goal of the county is to bring other law enforcement units into the state network, which will reduce costs even further. One advantage of this connection is that it eliminated the need for other costly LEIN connections. Another advantage is that information will travel to Lansing in a fraction of the time compared to previous technology.

15. Drain Assessing/Financing Changes

The county is working to stabilize drain-at-large costs. In late 2002, the Board of Commissioners passed a resolution changing the method of assessing drains to degree of benefit rather than a straight 25%. Also, the Road Commission will be required to pay one-half of future drain-at-large costs based on benefit to roads using 14A calculations. On new-petitioned drainage projects, the Drain Commissioner will work with the Road Commission in determining benefit to roads and Road Commission/County costs.

16. Fraternal Order of Police Union Contract

This contract has remained unsettled for over two years. An Arbitrator ruled regarding settlement of the Fraternal Order of Police Union Contract in late April. This contract will expire at the end of 2003. Negotiations will begin on a new contract.

17. County Equalization Report

At the April 22, 2003 meeting of the Board of Commissioners, the 2003 County Equalization Report was reviewed and approved. This report identified the state equalized value of property in the County. The taxable value grew by 3.76%. This increase is less than in recent years and will result in less of an increase in property tax revenue than in recent years. The value of agricultural land actually declined. The residential classification accounts for the largest

percentage of taxable value at 59% of total followed by agricultural at 26%. The remaining 15% is accounted for by commercial, personal, industrial, developmental and timber-cutover classifications.

18. Millage Planning

The County request for operating millage failed. The primary objectives set by the County Board with Proposal U were to secure adequate funding to restore the service cuts made in 2003, prevent the need to make further expenditure reductions in future years, and begin to solve jail overcrowding, office space and storage problems. With the failure of Proposal U in October of 2003, the Board is confronted with these problems in preparing future year budgets.

19. State Financial Changes Effecting County Government

The State of Michigan is experiencing financial problems of a severity that may not have been previously encountered. The State's financial problems are showing up at the doorstep of Tuscola County Government in the form of major revenue cuts. The areas of predominate cuts involve state revenue sharing and diverted felon prisoner housing payments. The county has experienced four separate cuts in state revenue sharing payments totaling nearly 20%. This is a decline of over a quarter of a million dollars to the second largest source of revenue to the county's general fund. Policy changes by the state have also resulted in a decline of over \$200,000 in diverted felon payments to the general fund. The state is also reducing performance incentive payments to the Friend of the Court.

20. Construction of County Pole Building

Because of their own space needs, Indianfields Township discontinued the use of space at one of their garages by a Camp Tuscola Work Crew that assists the county with drain cleanout work. The availability of this crew has resulted in significant cost savings to County taxpayers. The county is required to provide a daytime facility in order to utilize a prisoner work crew. Alternative methods of providing work crew and equipment storage were reviewed. The chosen alternative was to build a county pole building on county property along Luder Road to be used by the work crew. The approximate cost for this building was \$35,000. The pole building will be completed in August of 2003.

21. Animal Control

In order to balance the 2003 County Budget, the Animal Control Operation was closed. Since then, the County has signed agreements with Sanilac and Bay Counties to provide assistance with Animal Control in Tuscola County. The Sanilac County agreement provides services related to bite cases, cruelty cases, and kennel licenses. The Bay County agreement is more limited, essentially providing kennel space on an as-needed basis. The County is no longer able to respond to stray dog situations and general animal complaints. A lease has been approved enabling the Tuscola County Humane Society to rent the County Animal Shelter.

22. Storage Space

Staff is working with individual departments in discarding unnecessary files to create additional file space in the Storage Building. Although this may not be an adequate long-term solution, it is providing a short-term partial solution. Assistance from the various departments has been helpful in the success of this effort. Continued success is dependent upon annual program management. Files need to be reviewed and unnecessary records discarded on an annual basis.

23. Recycling Operation

The Recycling Committee and staff are accomplishing recycling improvements enabled by the public millage approval. A new paper shredder has been purchased and is in full use. The oil-recycling program is now in use. A part-time recycling educator has been hired to work on explaining the importance and value of recycling to students and others in the community. Expansion of the used-tire recycling program is underway. Also, the household hazardous waste program will be continued. An electronics hazardous waste program has been initiated.

24. Emergency Services Plan Update

Development of a new Emergency Services Plan has been completed. This is an important document that sets the structure and policy as to procedures to be followed in the case of emergency events such as homeland security, truck spills, natural disasters, etc. The new plan will have a checklist format to improve usage and understanding.

25. Courthouse Lobby Repairs

Repairs to the plaster and paint in the lower and upper floors of the Courthouse have been completed. This work will preserve and protect the deteriorating surfaces in these important public entrance areas of the Courthouse. Various work in this area will be completed over several years.

26. County Ordinances

Tuscola County currently has four ordinances: animal control, hazardous material cost recovery, noise and water well. The animal control ordinance was rewritten to account for the elimination of the animal control operation in the county and to remain up-to-date with respect to state laws. A well ordinance was added at the recommendation of the health department to strengthen the ability to enforce appropriate water well sampling.

27. Remonumentation

An update was provided to Commissioners and staff regarding the remonumentation program. This is an important program related determining property locations and other land location matters. Up-to-date technology is being put in place that will improve the accuracy of land surveys. Also, this program will lower costs for conducting surveys and other land transaction recordings. Fees paid as part of land transaction work in the Register of Deeds office provide the funding to enable the important updates accomplished through this program.

28. I.S. Director

A new Information System Director was hired. This is a key county position charged with overseeing the efficient operation of the multi-million dollar countywide computer system.

29. Automated Fingerprinting Capabilities

A "state of the art" computerized fingerprinting machine has been purchased for the sheriff department. The cost for this equipment was approximately \$32,000 with 75% paid with state grant funds and 25% paid with county funds. The law enforcement officials are pleased with this method of fingerprinting because it quickly authenticates identity and provides excellent storage and retrieval of information when necessary.

30. Soil Erosion Bonds

If certain construction projects are discontinued the county could be held responsible to pay to correct soil erosion problems that may have occurred as a result of the project. In order to protect the county from this liability a policy and procedure is in the process of being developed that will require the party doing the construction to provide a bond that would assure the funds

to the county to correct any soil erosion problems if the project is abandoned.

31. 2004 County Budget

The 2004 all funds budget is balanced at \$41,813,932. The general fund budget is \$11,152,000. Extensive debate and difficult priorities have had to be made in preparing this budget. It is important to remember that the budget is only a plan of revenues and expenditures for the year. In order to be an effective fiscal management tool, actual revenues and expenditures must be closely analyzed in relation to the budget during the year. Should the original assumptions on which it was based change; modifications to the budget may be necessary.