

To: Tuscola County Board of Commissioners
Chairperson, Gerald Peterson
From: Controller/Administrator
Michael R. Hoagland
Date: July 6, 2004
Re: County Project Activity Report

The following report is intended to summarize the status of more significant projects and work activities of the county. It is updated quarterly to provide commissioners, employees, and the general public a status report of various activities and projects of County Government.

APRIL-JUNE 2004 ACTIVITIES

1. Financial Planning

- ❖ Financial Planning continues to be a top priority of the county. Staff has developed various scenarios estimating the amount that expenditures could exceed revenues for the 2005 budget year and future budget years. These scenarios have been presented to Commissioners and department heads. The two most vital factors regarding financial stability is state revenue sharing and whether the new .5-mill road patrol ballot question on the August primary ballot passes or fails.
- ❖ Meetings continue to be conducted on a monthly basis with Commissioners and department heads centered on financial problems and potential solutions. These meetings have been well attended and have opened up good communication.
- ❖ County auditors will present the year-end 2003 Annual County Financial Report to Commissioners and department heads at a meeting on July 8, 2004. This report will further demonstrate the financial problems being encountered by the county and give department heads the opportunity to ask auditors questions.

2. Ballot Question to Fund the Road Patrol

- ❖ In May, the Board of Commissioner authorized a special purpose millage question to be on the August 3, 2004 primary ballot. This request is for .5-mill that would enable the road patrol to continue to operate at current levels without being dependent on funds from the General Fund. With declining state funding and other negative financial factors and if the .5-mill request fails, the Board will likely have to reassess the amount of general fund monies that can be provided for the road patrol operation.

3. Millage Renewals

- ❖ The August 2004 ballot has two millage renewal requests. The renewal for the road patrol is .9-mill and the senior citizen programs renewal is .2-mills.

4. State Financial Developments

- ❖ The Michigan Association of Counties passed a resolution in support of the Governor's plan to replace state revenue sharing payments to counties with the collection of a roll forward on property tax collections. Counties could draw on funds from the one-time additional property tax levy in an amount equivalent to annual state revenue sharing payments until fully expended. In the case of Tuscola County, these funds would last approximately 3.5 years, which is one of the shortest periods of any county.
- ❖ The Michigan Association of Counties resolution stresses the need to form a work group of county and local government to determine how to fund government at the local

level on a long-term basis.

5. 2005 Budget Development

- ❖ Development of the 2005 budget may be delayed until well into the fall in hopes that by that point in time the county will know where it stands with respect to revenue sharing payments from the state. Another important factor is whether the August primary ballot question to fully fund the road patrol passes or fails.

6. County Bond Rating Upgraded

- ❖ The County recently received an upgrade to its bond rating from BBB+ to A-. Standard and Poors Inc. provided the rating upgrade. This company is a New York rating agency that rates the credit of municipal bond issuers across the country. This rating upgrade will result in significant reductions in future county borrowing costs. For example, if the \$12,000,000 borrowed for the Medical Care Facility expansion were conducted with the A- rating and all other factors remained constant, approximately \$200,000 in savings would be achieved.
- ❖ This bond rating upgrade is a tremendous vote of confidence in the financial management of Tuscola County. The county has shown the independent bond rating agencies that it is capable of "living within its means" and making the difficult decisions necessary to maintain financial stability. The County maintains balanced budgets, adequate reserves, and conducts proactive financial planning. The financial rating agency has rewarded the county for this prudent approach.

7. Presentation of Issues to State Representative and State Senator

- ❖ The County Board of Commissioners meet with Representative Meyer and State Senator Barcia on a regular basis to discuss issues of concern to the county. This has proved to be a productive communication process to gain the understanding and in many cases the support of our state officials.

8. Health Insurance

- ❖ Health insurance cost containment measures currently being implemented include: increasing employee drug co-pay, offering mail order prescription discounts for generic drugs, increasing co-pay on drugs, offering an opt-out incentive to reduce the number of employees on the county health insurance plan and offering a menu of plans with a specific employee premium co-payment for a specific level of coverage.
- ❖ Some of the above listed changes were implemented as recently as March 1, 2004 for non-union employees, MAP (correction officers) and POAM (deputies and dispatchers) employees. These same changes are being negotiated with the remaining unions. Progress in implementing these changes with remaining unions is taking longer than anticipated and resulting in negative budgetary impacts.
- ❖ Preliminary information from Blue Cross/Blue Shield indicates the county renewal increase for the September 1, 2004 to August 31, 2005 period at approximately 9.3% or \$200,000. This is an important budgetary factor and further methods of reducing these costs will be evaluated as part of the 2005 budgeting process.

9. County Policy

- ❖ The County Board has completed approximately 95% of a comprehensive re-write to overall County Policies. Policies are being reorganized and simplified. After drafts of

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.

10. County Property Value Changes

- ❖ In April, the Equalization Director presented the Equalization Report to the County Board of Commissioners. This report shows the changes in property values from the previous year. The increase for all property classes from the previous year is 3.94%. Of this total, 1.85% is a result of new construction, while 2.09% is a result of the increase in current property values.
- ❖ Residential value represents 61% of total property value. The residential class of property increased by 6.29% from the previous year. Agriculture accounted for 27% of total property value. This property classification actually slightly decreased by .11% from the previous year. Commercial, industrial, and all other property classifications account for only 12% of total property value. These property classifications increased by approximately 3.0% from the previous year.

11. County Comprehensive Annual Financial Report

- ❖ The 2003 County Comprehensive Annual Financial Report has been completed. 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 presentation of the county's 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.

12. Government Accounting Standards Board-Rule 34

- ❖ Tuscola County, as with most other units of government in the nation, was required to 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 was required to gain compliance. The 2003 Comprehensive Annual Report is GASB-34 compliant.

13. Labor Negotiations

- ❖ All county labor contracts expired at the end of 2003. Negotiations have been underway with all union groups. MAP has been successfully negotiated. AFSCME is going to fact finding on August 31, 2004. A letter will be sent to all AFSCME members with the specifics of management's last offer. Both police unions are going to binding arbitration. POAM dispatch has ratified the contract and the county is waiting on signature. One-year contracts are being negotiated for 2004. This means negotiations will have to be conducted in the fall of 2004 for the 2005 Budget.

14. Jail Medical Health Program

- ❖ In 2003, the county contracted with Dr. Cole to perform medical care for the prisoners in the jail. County costs for medical malpractice insurance for this program have skyrocketed. In 2003, Tuscola county costs for a multi-jail health operation were approximately \$4,500. Tuscola County's share of the current two-county operation with Sanilac County is approximately \$45,000 per year. Dr. Cole has agreed to reduce his fees by \$1,000 per month to help offset the escalating malpractice insurance cost

increases. Dr. Cole was also reclassified from independent contractor to employee status to assure Medical Examiner insurance coverage through the Risk Management Authority.

15. MSU Extension Staffing

- ❖ The county is providing matching monies to fund a 4-H position at MSU Extension. MSU is in the process of hiring a Director to replace the previous Director who resigned in February of 2004.

16. Lawsuits Pending

- ❖ Notary and Decker lawsuits remain outstanding. In late June, the County Board of Commissioners decided to ask the Michigan Supreme Court to hear the Apportionment lawsuit.

17. Moore and Sebewaing Drains

- ❖ A federal grant has been received by the county to mitigate flooding problems in the City of Vassar. This is a major drainage project that will divert water from the Cass River and prevent flooding in the center of the city. Downtown flooding has been a costly problem for many years. It is anticipated that the project will start in 2004. Another major project that will start in 2004 is the Sebewaing drain. These projects will have an impact on the county drainage costs.

18. Press Releases

- ❖ The County has started submitting monthly press releases explaining county matters of importance to the public. Departments with information that would be beneficial to incorporate are asked to submit the draft information to the Controller/Administrator's Office for Board review and consideration.

19. Grant Services

- ❖ The Michigan Association of Counties now has a program to assist the county with grant writing services. This program will enable the county to aggressively pursue certain grants to strengthen services.

20. Building Codes

- ❖ The county is in the third year of contracting for building code services through South Central Michigan Construction Code Incorporated (SCMCCI). A new director was recently appointed to serve Tuscola County (Curtis Stowe).

21. Emergency Services/Homeland Security

- ❖ The County has received approximately \$400,000 in federal grant funds for the county and local units of government to purchase equipment and related items necessary for emergency situations.

22. Medical Care Facility Addition

- ❖ The roof trusses are on the new addition and contractors are beginning to put on the metal deck. They are beginning the center of the new wing in order to connect to the existing building. The front entrance is taking shape. The steel work is almost completed and it will be bricked in soon. The push is to start the kitchen on June 14th in

order to have it completed by August 20th. The Medical Care Facility will be using the Tuscola County Tech center's kitchen to cook resident meals during that time period and Caro Community Schools will allow the use of their truck to transport the meals to the facility. It is expected that the new wing will be completed by late fall and at that time, residents will be moved to that wing. This will allow vacating the existing building for renovation. The overall project remains on schedule.

23. Recording of Fixed Assets/Inventory

- ❖ The county has strengthened its methods of recording fixed assets. This has been accomplished by computer software that provides for ease of recording, accessing, and depreciating all assets such as equipment, facilities, vehicle, land, etc. The fixed assets and inventory process has been streamlined for ease of use by all departments. Departments have been extremely helpful in improving this system by notifying the Director of Building and Grounds upon the purchase, transfer or disposal of inventory and fixed assets valued at \$500 or more.

24. Technology

- ❖ The county continues to be a leader in achieving efficiency through technology. All county departments are computerized. Backup procedures have been further strengthened increasing the frequency and amount of data that is backed up. Also data is secured in off-site locations. Network infrastructure has been secured and audited from unauthorized access. Equipment is being purchased to achieve uniformity because this improves the ability to provide equipment support. An overall policy has been adopted regarding acceptable use of county computer resources.

25. Building Repairs

- ❖ The second quarter of the year required considerable repairs to county facilities. A new air conditioning unit was installed to cool the lowest level of the Sheriff Building and the plumbing repairs in the lowest level of the Courthouse were completed. Kudos to the Building and Grounds Director (Mike Miller) and staff for the excellent job accomplished with this challenging Courthouse plumbing project. Also, appreciation goes out to the offices that had to persevere during this remodeling.

26. Safety (Building Code) Inspection of County Buildings

- ❖ Per the request of the employee input committee, the county hired South Central Michigan Construction Code Incorporated to inspect all county buildings for public safety. Fire exit signs and lighting in the Courthouse will be installed and certain other safety upgrades will be made. Other county buildings did not need improvements or were completely in compliance. Bids are being taken to make the necessary repairs to the Courthouse.

27. Demands for Mosquito Abatement Increase

- ❖ With the heavy spring rains, mosquito populations are higher than in over 25 years. Mosquito Abatement continues to operate two shifts and employees are working weekends to try to keep up. Treatment involves both adulticiding and larviciding. On June 29, 2004 the department had a waiting list of approximately 945 individuals requesting backyard treatment. Approximately 110 yards can be treated in a day with optimal weather conditions. This number awaiting treatment remains static as more requests come in each day. Eligibility for this service in other counties with an abatement

program and with more funding is stricter. Because Tuscola County Mosquito Abatement cannot keep up with the demand for backyard treatment, eligibility criteria may be re-evaluated.

28. Housing Rehabilitation Program

- ❖ With grant funding from the Michigan State Housing Development Authority, Tuscola County continues to operate a successful housing rehabilitation program. The County has been the recipient of the housing grant for approximately 12 years. The 2002/2003 grant was recently closed out. Nine homes were rehabilitated over this period with an average cost of \$22,500. The county has again received a new two-year grant of \$375,000.

29. Veterans Honorarium

- ❖ Upon completion, the County will provide a link on the county web page to a listing of veterans who died in conflict since the civil war. County veteran associations are preparing this information.