

**TO:** COUNTY COMMISSION  
**FROM:** DOUGLAS CULTRA  
**DATE:** July 7, 2015  
**RE:** 2015-2016 BUDGET

Attached please find the proposed 2015-16 Van Buren County Budget for your review and consideration. As you may know, the County's Budget should be approved by September 30, 2015. In an effort to ensure we have sufficient time for the Board's review and public participation I have prepared the following calendar of events:

July 10, 2015	Board will receive the Budget electronically
July 14, 2015	County Administrator will request the Board set the public hearing date and direct the Staff to place public hearing notices in various local newspapers.
July 28, 2015,	Board holds a public hearing on the Budget and solicits input from County Staff as well as the general public. Board directs staff to make any adjustments.
August 11, 2015	Reviews Budget with County Commission
August 25, 2015	Board formally adopts the 2015-16 All Funds Budget

As the County Administrator, I have prepared a balanced budget with the following composite numbers:

<b>Revenues</b>	\$21,430,764.00
<b>Expenditures</b>	\$21,429,745.00

The proposed Budget recognizes a property tax revenue loss of \$1,200,000 due to the New Covert Generating Plant and a \$220,000 reduction in Liquor Tax Revenue. While the aforementioned losses in revenue have had an adverse impact upon our budget, we have experienced an unusually robust increase in property tax revenue.

As for the future, it would appear Michigan’s unemployment rate has fallen to its lowest level since 1999. The low unemployment rate may increase the number of people buying houses which could translate into higher property values. With higher property values, we could see stronger than anticipated revenue growth.

The highlights of the proposed budget are as follows:

1. Installing a new HVAC for the Human Services Building East
2. Maintain same staffing levels for all Departments
3. Continue Board support for OnBase and new computer equipment
4. Install new fire escape for the Courthouse

As you can see in the chart below, Property Taxes constitute 61% of the General Fund’s source of revenue. This is a blessing and a curse. We are fortunate to have two significant power plants which combine for approximately 14% of our tax base. On the other hand, any substantial change in the power plants taxable value will have excessive adverse impact upon our funding for popular but non-mandated programs such as Road Patrol, Land Services, Economic Development, etc.

<b>Category</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Property Taxes	13,019,846.0	12,908,352.00	13,253,385.0	12,755,210.00	13,165,733.00
Fed & State Revenue	3,313,715.00	2,997,151.00	3,411,721.00	3,774,287.00	3,558,411.00
Courts	1,644,645.00	1,688,231.00	1,658,011.00	1,649,890.00	1,660,041.00
General Government	2,079,138.00	2,689,722.00	2,094,242.00	1,814,929.00	2,007,815.00
Law Enforcement	1,065,715.00	1,045,678.00	1,024,685.00	1,130,919.00	1,038,764.00
Fund Balance				255,853.00	
<b>Total Revenues</b>	<b>21,123,059.00</b>	<b>21,329,134.00</b>	<b>21,442,044.0</b>	<b>21,381,088.00</b>	<b>21,430,764.00</b>

As you can see from the chart above our revenues have modestly increased over the past five years. Specifically, we have seen revenues move from \$21,123,059 to \$21,430,764 which translates into a \$307,000 increase. This amounts to 1.46% or .3% per year. Clearly a .3% increase in revenue simply is not enough to sustain an organization the size of Van Buren County.

In order to survive our rather modest revenue growth, we had to look at creative reduction in various mandated and non-mandated programs. Specifically, we spent 21,046,637 in 2011- 2012 while our proposed expenditures in 2015 -2016 Budget will be only 21,429,746. We have successfully mirrored our increase in expenditures with the sustainable revenues we have available. This budget recognizes the substantial loss in revenue as a result of the New Covert Tax Appeal Case along with the decline in PA 2 funding. The combination has limited our options for future growth but growth is not always necessary if the Department Heads can be creative in their problem solving approaches.

Below please find a five year history of General Fund expenditures:

<b>Category/Year</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>Law Enforcement</b>	5,803,441.00	5,452,400.00	5,362,264.00	6,126,958.00	6,220,517.00
<b>Courts</b>	7,795,830.00	7,849,215.00	7,917,821.00	7,551,152.00	7,413,461.00
<b>General Government</b>	6,519,798.00	6,166,509.00	6,241,627.00	6,716,016.00	7,009,775.00
<b>Fund Balance/Contingency</b>			52,013.00		
<b>Appropriations</b>	801,508.00	815,362.00	863,981.00	896,601.00	785,993.00
<b>Debt Service</b>	126,060.00	-	-	-	-
<b>Total</b>	<b>21,046,637.00</b>	<b>20,283,486.00</b>	<b>20,437,706.00</b>	<b>21,290,727.00</b>	<b>21,429,746.00</b>

I have essentially crafted two budgets. One that is sustainable in which we will not have a problem in future years while the other contains two additional employees, one in District Court and the other will be located in the Prosecutor’s Office.

District Court East has requested an additional Probation Officer. I really don't know where that person would be stationed but more importantly they have failed to respond to my request for justification. They have indicated they are waiting to respond until Judge Brickley can provide important data from SCAO. Before the Board addresses this issue we need to understand the following items:

1. Where will this new employee be housed?
2. If the case load is substantially higher in Paw Paw than in South Haven why hasn't the Court decided to balance the caseload between both offices to reduce the stress in Paw Paw?

If the Court will attempt to equally distribute the case load between the two currently employed Probation Officers, this would allow the County Board time to consider expanding the size of the District Court East Office. Additional floor space for the Court would allow them the ability to craft a Probation Section which could accommodate three employees.

I certainly understand the case load in Paw Paw is excessive and the current Probation Officer has performed extremely well considering the situation; however, delaying implementation for two years does not seem irrational nor counterproductive.

Mike Bedford has indicated a desire to increase his County paid Secretarial staff from 3.5 to 4.5 based upon the concept that automation will require more staffing. First of all, when he took office we had 2.5 secretaries but with an additional person he will double his clerical staffing to 4.5. Essentially his justification for requesting an additional secretary is due to automating the management of case files. The reason organizations in the private and public sector automate manually driven processes is to reduce staff or improve compliance.

I can certainly understand Mr. Bedford's concern with change in his office case file management. Change is difficult but we have witnessed in the Friend of the Court that staff was reduced (one clerical position) by automating case files. Instead of expanding the size of his clerical staff, it may be more productive to hire a temporary consultant to work with his staff in implementing an automated system. The initial cost may be higher but the implementation process could be faster and ultimately improve employee performance.

The Sheriff's Department while not requesting General Fund monies, would like to add a CAD Technician effective October 1, 2015. In reviewing their financial condition of the 911 Fund, it would appear they have sufficient revenue to fund this position on a sustainable basis.

The 911 Committee reviewed the proposal and recommended that the position be included in the Central Dispatch Budget.

In the attached memo from Sheriff Gribler, he crafts a rather compelling argument supporting this proposed position of a CAD Technician. As you can understand, the Sheriff's Department employees over 100 people. The proposed position will become the center piece for the new Alert System (CAD) and will work with Dispatch as well as Jail, Road Patrol, Detectives, Homeland Security, Emergency Preparedness, and Clerical Staff.

Shafeeq Hameed supports this proposed new employee. Considering the vast number of software programs currently running the Sheriff's Department, it will be critical to have an inside person who will directly interface with IT Personnel. As you know, the Pokagon Band will be investing \$1,000,000 in Cass and Van Buren Counties to enhance our 911 Central Dispatch System. In addition, the new Jail Management Software Program will change the way 20 Corrections Officers perform their duties. Essentially, the Alert System will transform the way the Sheriff's Department does business.

One extremely over looked activity will be the County's ability to bring the organization into compliance with all the new rules and regulations related to Homeland Security. This single element may in the near future require a full time person. Hopefully, the CAD Technician will assist IT Staff with maintaining our compliance without having to hire any additional personnel. As you may know, maintaining compliance affects the Sheriff's Department, all local police agencies, District Court, Probate Court, Juvenile Court, Circuit Court, State Probation, Land Services, County Clerk, Friend of the Court, Prosecutor, and all first responders. If we fail to maintain compliance, it could place all law enforcement officials at risk.

As I have indicated, automation should either reduce staff or improve compliance. This position could ultimately allow the Sheriff's Department, in the future, to reallocate personnel to more pressing matters as well as improve compliance. In the end this proposed new position should be a benefit to the entire organization not to mention the 14 ambulance services, 14 Fire Departments, State Police and 11 Police Departments.

As we look toward the future, it would appear our greatest impediment to preserving and improving services will be our manager's ability to employ technology that is designed to reduce our dependence upon manually driven processes. Automation can and will reduce the County labor expenditures. If wisely installed, this concept will allow the County Board to redirect monies to police services, capital improvements, economic development, and new technology. Never the less, we cannot continue to invest in new, innovative technology without some meaningful reduction in personnel.

It would appear the County has successfully moved through some of the most difficult financial times since 1929 Stock Market Crash. We have weathered this storm without having to compromise our ability to fund critical County services such as Road Patrol, Alternative Sentencing,

Homeland Security, etc. Now we need to make a bold move to prepare a long term facility plan as well as introduce automated processes that will ultimately give the County Board more discretion in allocating the County's financial resources.

**CONCLUSION** – in the past five years, we have persevered during extremely difficult times. We have attempted to reduce Operating costs without sacrificing the quality of our services. Improvements in our computer systems, expansion of our Brownfield grants program, expanding our economic development activities, professionalizing our soil erosion program, expanding our employee wellness plan, supporting a Drug Treatment Court, utilizing jail inmates to maintain and improve county drains, expanding the adoption of pets at the “County Shelter”, and maintaining our modest but successful car pool program are just a sample of a number of creative, cost effective approaches that have been crafted by our Department Heads that have substantially improved Van Buren County government.

Unlike many of our neighbors, we have not had to eliminate any programs, projects or personnel due to a financial shortfall. This Board in cooperation with its Department Heads has been very prudent and wise with its allocation of financial resources. It would appear this year we will be able to maintain our current level of programs without compromising our financial reserves.

In reviewing the most recent MERS Actuarial Report, it states that our rates as of October 1, 2016 will only increase by 4.8%. This is certainly goods news and indicates that the County's pension plan remains relatively cost effective.

**RECOMMENDATION:** In reviewing our current and future financial condition, it would appear the County is in reasonably “good shape”. The Budget as designed will live within the sustainable General Fund revenues. I would recommend the Board approve the Budget as presented.



