

An Eye on the Future



Potential 2019-2021 Budget Impacts
March 2018

Accomplished Solutions



- ❧ Litigation Adjudicated
- ❧ Animal Control Services – 4 year contract approved
- ❧ Community Corrections/Re-Entry Initiative
- ❧ State Liquor Tax Revenue replacement

Accomplished Solutions



- ❧ Economic Development & Agriculture Allocations
- ❧ Roads Millage for 4 years (2017-2020) approved by the voters
- ❧ Veteran's Relief Millage for 8 years (2017-2024) approved by the voters
- ❧ Community Mental Health and Public Safety Preservation Millage for 8 years (2019-2026) approved by the voters

Anticipated 2019-2021 Budget Impacts



- ❧ Equalization Report Impacts
- ❧ Unfunded Liabilities for Legacy Costs
- ❧ Capital & Infrastructure Needs
- ❧ Cost Increase Freeze for Non-General Fund Programs
- ❧ Health & Human Services Programs
- ❧ Office of Community & Economic Development
- ❧ Platt Road Property
- ❧ Court Cost Revenues
- ❧ District Court Revenues
- ❧ Talent Development

Equalization Report & Headlee Rollback/Reduction



- ⌘ General Property Tax Act, MCL 211.34d, requires authorization to levy renewed millages with Headlee reduction fractions if applicable
- ⌘ Realized a Headlee millage reduction the last two years prior to that it last occurred in 2006
- ⌘ Structural revenue loss of \$943K from 2017 and 2016 rollback (already included in the 4 year budget)

Unfunded Liabilities for Legacy Costs

- ❧ Funding levels for pension plans WCERS and MERS, as well as Other Postemployment Benefit (OPEB) plan, VEBA are all less than 100% funded
- ❧ Mandate is that Pension and OPEB plans are funded at 100% to ensure ability to meet accrued and anticipated future obligations as determined by annual actuarial evaluation
- ❧ Less than 100% funded levels requires additional contributions to each plan. These contributions amounts vary year to year based upon numerous factors
- ❧ Funding Levels as of December 31, 2016:
WCERS 73% VEBA 53% MERS 76%
- ❧ GASBs 67-68 & 74-75 are accounting presentation requirements and do not impact our funding requirements
- ❧ Potential GF Impact determined annually based on annual actuarial valuation for each plan

Capital & Infrastructure Needs



- ❧ Since 2008, County Capital Appropriations have been reduced significantly on an annual basis
 - ❧ Capital funds for building maintenance historically set at 1/8th mill currently at \$1,146,486 (true 1/8 mill would be \$1,974,816 in 2017)
 - ❧ Capital Projects currently \$25K (historically funded at a flat appropriation of \$300,000)
- ❧ County space must be maintained appropriately to continue providing services to all county customers
- ❧ The Office of Infrastructure Management continues to defer replacement, identify cost savings, and work to meet the organization's needs with limited resources

- ❧ Potential GF Impact
 - ❧ \$1,143,024 in 2019
 - ❧ \$1,163,169 in 2020
 - ❧ \$1,183,515 in 2021

Cost Increase Freeze for Non General Fund Programs



- ❧ With the exception of CMH annual General Fund appropriations to Public Health and OCED have been held flat or reduced, while personnel costs have continued to rise; current structural appropriation amounts:
 - ❧ CMH: \$1,732,286
 - ❧ Public Health: \$3,052,023,
 - ❧ OCED: \$682,471, plus \$1,015,000 towards coordinated funding

- ❧ Increasing the annual appropriation by an amount equal to the increase in personnel costs would provide fiscal stability to these departments, as their other revenue sources fluctuate and shrink

- ❧ Potential cumulative GF Impacts, assuming current staffing levels maintained
 - ❧ \$1,003,419 in 2019
 - ❧ \$2,087,095 in 2020
 - ❧ \$1,370,627 in 2021

Health & Human Services Programs

- ❧ Budget challenges are likely depending on potential state and federal funding reductions
- ❧ Funding considerations to maintain operations at current levels
- ❧ Funding to address community impact & investment priorities effectively
- ❧ Budget impact TBD

Office of Community & Economic Development

- ☞ Due to Workforce Development changes the General Fund absorbed the loss in CAP revenue for three years (2016-2018)
- ☞ Additional budget challenges are likely depending on potential state and federal funding reductions
- ☞ GF Impact \$121,000 for 2019 and beyond

Platt Road Property



- ❧ Six proposals received for the sale and subsequent development of the site per Resolution #16-0021
- ❧ Public interviews were held on June 28, 2017 per Resolution #17-0097
- ❧ On August 2, 2017, the BOC selected Thrive Collaborative and Partners, RFP #7127, as the finalist
- ❧ Contract negotiations are in progress to establish a purchase agreement
 - ❧ Budget impact TBD but any sale of land or portions thereof would result in revenue to the County

Court Cost Revenues (after 2020)



- ❧ Michigan Supreme Court decision from June, 2014 (People v. Cunningham)
 - ❧ Removes ability to collect court cost revenue in state cases
- ❧ MCL 769.1k adopted by Michigan Legislature restored court cost collections with sunset in 72 months
- ❧ 14A District Court and Trial Court both collect court costs on state cases
- ❧ Potential annual GF Impact of \$1,140,000, starting in 2021
 - ❧ 14A District Court: \$550,000
 - ❧ Trial Court: \$590,000

District Court Revenues



- ❧ There is a direct correlation between revenues and caseload
 - ❧ Total revenues were \$2.5M in 2017, \$2.7M in 2016 and \$3.2M in 2015
 - ❧ Total cases were 29,494 in 2017, 27,656 in 2016 and 35,159 in 2015

- ❧ Structural revenue reduction will require an offset with a corresponding expenditure reduction
 - ❧ Consideration of right sizing District Court staffing levels and infrastructure, currently have four locations

 - ❧ Potential annual GF Impact of \$500K-\$900K each year

Talent Development



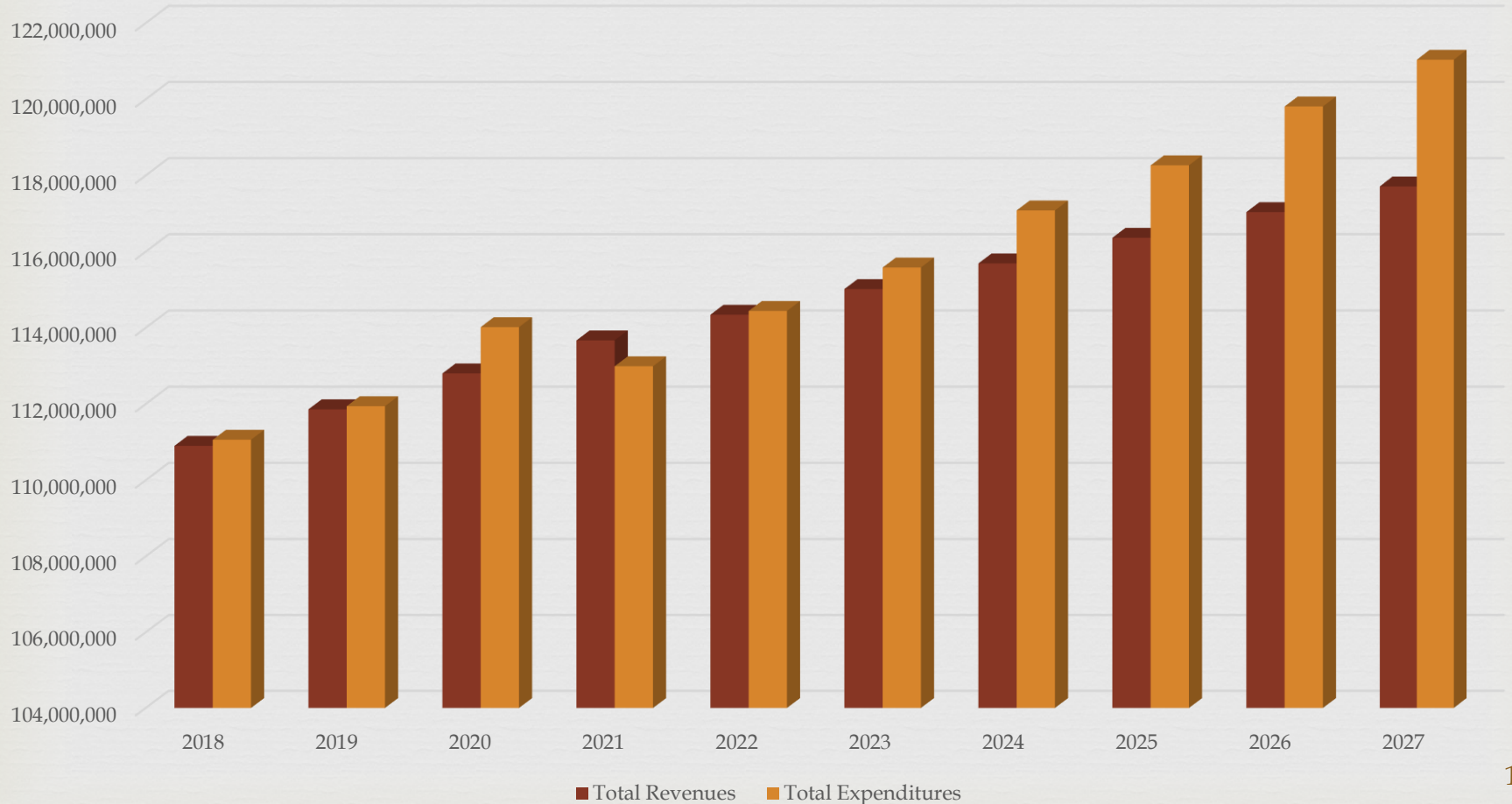
- ❧ A path to sustainable leadership
 - ❧ Provide meaningful growth and development opportunities to employees
 - ❧ To contribute to continued success of the County
 - ❧ Focus on problem solving, critical thinking, project planning and implementation
 - ❧ Enhanced service delivery and more effective and efficient structure
- ❧ Potential GF Impact TBD

Total Potential General Fund Impact of Items Discussed



	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Comments</u>
Equalization Report & Headlee Impact	\$ -	\$ -	\$ -	Determined annually
Unfunded Liabilities/Legacy Costs	\$ -	\$ -	\$ -	Determined annually
Capital & Infrastructure Needs	\$ 1,143,024	\$ 1,163,169	\$ 1,183,515	
Cost Increases for NGF Programs	\$ 1,003,419	\$ 2,087,095	\$ 1,370,627	If started in 2019; no retro to prior periods
Health & Human Services Programs	\$ -	\$ -	\$ -	to be determined
Office of Community & Economic Development	\$ 121,000	\$ 121,000	\$ 121,000	
Platt Road Property	\$ -	\$ -	\$ -	
Court Cost Revenues	\$ -	\$ -	\$ 1,140,000	
District Court Revenues	\$ 700,000	\$ 700,000	\$ 700,000	
Talent Development	\$ -	\$ -	\$ -	to be determined
Total Potential Budget Impact	\$ 2,967,442	\$ 4,071,264	\$ 4,515,142	

General Fund Projected Revenues and Expenditures



Questions and Comments

