

The Marquette County Board of Commissioners met as a Committee of the Whole in order to hold Budget Work Sessions on Thursday, August 28, 2003 and Tuesday, September 2, 2003, and Monday, September 22, 2003 in Room 231 of the Henry A. Skewis Annex, Marquette, Michigan.

Chairperson Corkin called the Thursday, August 28, 2003, Committee of the Whole Budget Work Session to order at 1:00 P.M. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Girard, Comm. Joseph, Comm. Nordeen, Comm. Tuominen, Comm. Wallace, and Comm. Corkin. Absent: None.

Steve Powers, County Administrator, presented his FY 2004 Recommended County Budget. The recommended budget is balanced; 2004 expenditures match 2004 revenues. Achieving a balanced budget was more difficult than any County budget in the past seven years. Contractual expense increases, specifically projected increases in health insurance, and declining revenue require a consideration of program priorities. The County of Marquette is unable to continue the same services at the same costs with the declining revenues.

The 2004 General Fund Budget starts with \$147,000 less revenue than the 2003 Mid-Year Budget, a 1% actual reduction. The 2004 General Fund expenditure requests from Departments totaled \$18,622,000. With \$16,736,000 estimated revenue, the resulting budget gap is \$1,886,000.

The gap exists despite an ongoing effort to reduce County costs and improve services. Circuit Court, Resource Management, Facilities, Human Resources, County Treasurer, Register of Deeds, Sawyer International Airport and Business Center, and the Sheriff's Department have all reduced Staff over the past several years. The effort to reduce costs and improve services must continue.

Administrator Powers explained his approach in closing the budget gap. Eliminating new position requests in the amount of \$275,000; reducing materials and services, travel, and other expenses in the amount of \$753,000; policy recommendations in the amount of \$420,000 and activity changes in the amount of \$438,000. The 2004 recommended Budget is \$179,000 less for these expenses than the 2003. The recommendation balances the 2004 General Fund Budget.

The Strategic Plan 2001 - 2006 adopted by the Board of Commissioners provided considerable guidance in preparing the recommended budget. The Plan identifies the County's core business. The program Budget and classification of programs also guided the recommended budget. The County has used a program budget for over 20 years. The program approach is useful in identifying services and activities and allocating resources. Departments are broken down into programs and programs into activities. He has further refined the budget by grouping the programs into four categories: Mandated by law; mandated by agreement; non-mandated necessary; and non-mandated discretionary.

The recommended Budget uses the program approach to balance expenditures with revenues. Mandated programs are maintained. Discretionary programs were reviewed against the Strategic Plan. Also considered was whether the program is provided County-wide.

**REVENUES:** State shared revenues are projected to decrease by \$186,000 from 2002 actual, a 15% decrease. Specific Ore Tax Revenue is down \$69,000. Property tax revenue is up \$240,000.

The 2004 Budget includes an increase in Building Permits and Tax Administration charges to local governments. The overall average fee increase for permits is 3%. The Tax Administration increase is 20 cents per parcel. Tax Administration charges were last increased in 1998. Neither increase brings the programs to self-sufficiency. Both are still subsidized by the General Fund. The increases are consistent with the Board of Commissioners Cost of Service Policy.

To fund an increase in Animal Control Charges requested by the Humane Society, the budget includes an increase in the dog license fee.

The recommended budget continues the indirect cost allocations from other funds. The amounts are from an Annual Cost Allocation Plan approved by the State and Federal agencies. The plan allocates administrative and overhead costs to programs such as Commission on Aging, Sawyer International Airport and Business Center, Friend of the Court, and other non General Fund operations that use central services. The allocation is according to measures of actual use. Administrative costs include the Treasurer, Finance, Human Resources, Risk Management, Administrator, Facilities, Civil Counsel, and Information Systems.

The recommended Budget includes \$711,000 from the Delinquent Tax Revolving Fund. Tax Administration Services \$225,000 (by Board policy) transfer to Public (capital) Improvement Program in the amount of \$326,000 (by Board policy); and General Fund Contingency in the amount of \$160,000.

The fund generates approximately \$675,000 in annual revenue above what is needed for tax payments to the cities, townships and schools, and currently has resources of over \$1,000,000. Use of \$711,000 will not require borrowing to maintain the DTRF. Use of DTRF to fund the General Fund Contingency is new. By Board policy, the General Fund should have a contingency of \$320,000, a goal not achieved in recent memory. Increasing the Contingency to one-half of policy will better protect the

General Fund from additional revenue decreases in 2004 and unanticipated expenses. An alternative is to leave the funds in the DTRF with the understanding that the funds are the County's only substantial reserve. Another alternative is to transfer DTRF revenue to the Budget Stabilization Fund. By Board policy the County should have \$2.3 million in the Budget Stabilization Fund. In 2003 the fund is \$171,000.

**EXPENDITURES:** No additional programs or personnel are recommended. The 2004 recommended budget is \$16,896,000. The 2003 amended budget is \$16,833,000. Expenditure reductions were made in all General Fund departments and departments receiving general fund support.

The cost to provide health insurance to employees and retirees will cost an estimated \$361,000 more than in 2003. The health insurance line item increase alone is greater than the property tax fund revenue growth. In 1999, for the General Fund, health insurance expenses were 9% of total General Fund revenue. In 2003 the percentage is 14. For 2004 the percentage is 16.

**POLICY RECOMMENDATIONS:**

- Increase dog license fee, kennel fee, and payment to the Humane Society (\$5,000)
- Combine Health Department with County Health Insurance, use savings for Dental Clinic, and reduce County appropriation (\$87,000).
- Self-insure health insurance change for retirees (\$30,000)  
(An additional \$36,000 in savings is already included for self insuring employees)
- No General Fund support for Sawyer Deputies (\$126,000)
- Use 2% for law enforcement/impacts caused by casino and elimination DARE (\$58,000)  
(2% revenues have been used to fund DARE)
- The fund contingency with transfer from Delinquent Tax Revolving Fund (\$114,000)  
(Contingency has been funded by General Fund revenues)

**ACTIVITY CHANGES:** To balance the budget, the recommendation is to reduce the Sheriff's Department Public Safety and Investigation activities and drop participation in UPSET. There are few options available. The Sheriff's Department is the largest department in the General Fund and has the most discretionary programs. Public Safety Road Patrol is recommended because it is a discretionary program that serves only portions of the County. The cities and several townships have chosen to provide police services to their constituents, either through directly employing police officers or by contracting with the Sheriff. Obviously, a reduction of seven positions will have an actual and perceived impact on public safety in the County. The Sheriff may claim the reduction decreases his department below serviceable levels, a standard that Boards must fund according to the Michigan Appeals Court. Administrator Powers distributed a comparison of the recommendations with two other options. One option, titled w/o Public Safety, shows the elimination or reduction of other programs that would be necessary to maintain the public safety activity, the third option, w/o Sheriff, shows the cuts necessary if no Sheriff programs or activities were cut or reduced. The w/o Sheriff option would require the closing of the Youth Home, the elimination of MSU Extension (4-H support and office), and using Delinquent Tax Revolving Fund Allocation, which is now used for the Public Improvement Program for operations.

The County must balance current expenditures with current revenues using reserves to maintain. Using reserves to maintain expenses will only delay difficult, unavoidable policy decisions and worsen future cuts. If the County's overall revenues were projected to increase in 2005, or if costs were expected to decrease, use of reserves to stabilize services might be appropriate. Unfortunately, 2005 at the State level is expected to be worse than 2004. Health insurance costs, unless employees assume a much larger share of the burden, are not expected to decrease for the County. His projection for 2005 is the General Fund will be out of balance by \$500,000 after the recommended 2004 reductions.

**CAPITAL:** The recommended Capital Improvement Program is \$515,300. Sufficient revenue is available to fund the 2004 Capital Improvements Program. Funding recommendations follow County policies regarding Delinquent Tax Fund interest and use of other funds. The use of Delinquent Tax Fund interest is \$326,000, the same as 2002 and 2003.

Administrator Powers stated the Budget was prepared with input and participation from Elected Officials and Program Managers. Not all Department input was favorably considered, and some Departments may choose to appeal the recommended Budget.

Commissioners engaged in a discussion regarding the Budget presented by County Administrator Steve Powers, they discussed mandated services versus non-mandated services. They also discussed the option regarding cuts proposed for the Marquette County Sheriff's Department.

**1:00 P.M. – SOIL CONSERVATION**

Laurie Dhondt, Administrator of the Soil Conservation District and Carl Lindquist, Director Central Lake Superior Watershed Partnership, were present to discuss funding for the Conservation District and the Soil Erosion Program. The Administrator's proposed budgets payments to the Conservation District for the Watershed Coordinator and General District Operations are not recommended. Ms. Dhondt and Mr. Lindquist distributed materials and presented an overview of 2002-2003 highlights and accomplishments. They requested continued local match for Marquette County which is crucial for the ongoing success of the MCCD and the Central Lake Superior Watershed Partnership. The 2004 local match requested is \$50,485.

**1:30 P.M. – MSU EXTENSION**

Linda Rossberg, Executive Director, MSU Extension, was present and expressed concern regarding the Administrator's Proposed Budget should Commissioners choose the option which would require the closing of the Youth Home, elimination of MSU Extension (4-H support and office). She explained the support the Michigan State University Extension Office provides to Marquette County. Elimination of that Department would be devastating.

**2:00 P.M. – SHERIFF**

Sheriff Lovelace was present to express to Commissioners that he is willing to take his fair share of the budget cuts but strongly suggests they be shared equally among all the County Departments, not just the Sheriff's Department. Sheriff Lovelace explained he has conducted a labor market survey of the Counties that comprise our labor market and the number of general funded road patrol deputies within their offices. The average number of general funded road patrol deputies in our labor market is 34. Marquette County only funds 10 Road Patrol Deputies from our General Fund. He again stated that his office is presently operating at what he considers to be a severely understaffed Road Patrol division and absolute minimum staffing in all divisions. He reiterated that his office is willing to take its fair share of the cuts necessary to balance the budget but strongly suggests they be shared equally among all other County departments.

Commissioners participated in general committee discussions regarding various line items in the FY 2004 budget including law enforcement possibilities and what ifs. They requested additional information for the next Budget Work Session.

The Committee scheduled their next Departmental Budget Work Session for September 2, 2003 following the County Board meeting.

There being no further business, the Budget Work Sessions were recessed until September 2, 2003.

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***SEPTEMBER 2, 2003***

The Marquette County Board of Commissioners met as a Committee of the Whole in order to hold Budget Work Sessions on Tuesday, September 2, 2003, immediately following the County Board meeting in Room 231 of the Henry A. Skewis Courthouse Annex, Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Joseph, Comm. Nordeen, , Comm. Tuominen, Comm. Wallace, and Comm. Corkin. Absent and excused: Comm. Girard

Steve Powers, County Administrator, presented Commissioners with the information they requested at the August 28<sup>th</sup> Budget Work Session, including a 5% reduction to programs in the General Fund; total personnel cost for the General Fund; cost of services policy statement; and Sheriff Department dispatched incidents. The historical data regarding Airport operating expenses and revenues, Building Codes operating expenses and revenues, and County administrative costs are being compiled. Current Airport operating expenses and revenues, Building Codes operating expenses and revenues, and County Administrative costs are in the budget materials presented to Commissioners. Circuit Court is reviewing Court revenues and an opinion from Civil Counsel regarding the responsibilities of the Sheriff has been requested.

Commissioners engaged in a discussion regarding the materials presented by Administrator Powers, especially the 5% across the board reductions in departments. Commissioners had several questions regarding this option.

Chairperson Corkin explained the 2004 Budget is tough. Everyone needs to take their share of the cuts. There is no easy way to prepare a budget when Marquette County is receiving less dollars in State Revenue Sharing and health insurance costs are at an increase.

After a lengthy discussion, it was moved by Comm. Tuominen, seconded by Comm. Nordeen, and unanimously carried by voice vote to direct Administration to bring back detailed information on how a 5% across the board cut will effect each department.

There being no further business to come before the Committee of the Whole the Committee recessed its Budget Work Session until September 16, 2003 following the County Board meeting.

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**SEPTEMBER 16, 2003**

The Marquette County Board of Commissioners met as a Committee of the Whole in order to hold Budget Work Sessions on Tuesday, September 16, 2003, immediately following the County Board meeting in Room 231 of the Henry A. Skewis Courthouse Annex, Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order at approximately 8:00 P.M. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Joseph, Comm. Nordeen, Comm. Tuominen, Comm. Wallace, and Comm. Corkin. Absent and excused: Comm. Girard.

Steve Powers, County Administrator, distributed a budget information packet requested by the Committee of the Whole including detail regarding the Sheriff's Department positions, COPS positions, a memo from the County Prosecutor regarding impacts from reductions to Road Patrol, information regarding a 10% reduction to administration, historical expense information for Building Codes and the Airport, and a memo from Judge John Weber regarding a revenue increase along with information from departments regarding the impacts of the 4 to 5 percent reductions. Administrator Powers requested Commissioners consider several points which he addressed in his memo if the Committee of the Whole chooses to proceed with an across the board reduction.

Chairperson Corkin explained the 2004 budget gap is \$1,886,000. A discussion followed regarding the County Administrator's approach to close the Budget gap.

It was moved by Comm. Wallace, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board

- 1) Eliminate new position requests in the amount of \$275,000.
- 2) Reduce materials and services, travel, and other expenses in the amount of \$753,000.
- 3) Policy recommendations in the amount of \$420,000 as follows:
  - Increase dog license fee, kennel fee, and payment to Humane Society (\$5,000)
  - Combine Health Department with county health insurance, use savings for dental clinic, and reduce county appropriation (\$87,000)
  - Self insure health insurance change for retirees (\$30,000)  
*(An additional \$36,000 in savings is already included for self insuring employees)*
  - No General Fund support for Sawyer deputies (\$126,000)
  - Use 2% for law enforcement/impacts caused by casino and eliminate D.A.R.E. (\$58,000)  
*(2% revenues have been used to fund D.A.R.E.)*
  - Fund contingency with transfer from delinquent tax revolving fund revenues (\$114,000)  
*(Contingency has been funded by General Fund revenues)*

Commissioners and Staff participated in general committee discussions regarding various line items in the FY 2004 budget including mental health, the Health Department, Sheriff's Department, and Ishpeming District Court.

After lengthy discussions Chairperson Corkin recessed the Budget Work Sessions to give Commissioners a chance to absorb the material distributed and the comments from Commissioners and Staff.

Steve Powers, County Administrator, will work with Commissioners to schedule a date for the next Budget Work Session.

There being no further discussion the meeting the Committee recessed its Budget Work Session at approximately 9:30 P.M.

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*SEPTEMBER 22, 2003*

The Marquette County Board of Commissioners reconvened their Committee of the Whole Budget Work Sessions on Monday, September 22, 2003, 5:30 P.M. in Room 231 of the Henry A. Skewis Courthouse Annex, 234 W. Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Girard, Comm. Joseph, Comm. Tuominen, Comm. Wallace, and Comm. Corkin. Absent and excused: Comm. Nordeen.

Chairperson Corkin opened the meeting for public comment, none was forthcoming.

Commissioners discussed reactions to the suggested 4 to 5 percent budget cuts and the ramifications to each department.

It was moved by Comm. Wallace, seconded by Comm. Cihak, and carried on a roll call vote 7 Ayes to 1 Nay (Comm. Bergdahl) to accept the Administrator's recommended budget with the addition of one deputy to be funded from the CIP budget to help outlying townships with problems regarding road patrol.

Comm. Cihak suggested the Board consider the idea of a millage election for funding the deputies or to use Search and Rescue monies to fund Road Patrol.

Comm. Cihak explained Road Patrol millage had gone to the voters once before but times have changed, citizens of Marquette County are aware of the budget problems.

It was moved by Comm. Wallace, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board concur with the Administrator's budget recommendation regarding Central Dispatch, Commission on Aging, and Sawyer International Airport and Business Center.

It was moved by Comm. Tuominen, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board maintain a \$500,000 fund balance in the Forestry Fund.

It was moved by Comm. Wallace, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board accept the Administrator's Capital Projects recommendation with a reduction of \$60,000 to the Space Needs Implementation Project to be used to retain one Road Patrol position.

Commissioners reviewed and accepted 2004 Budgets for other County funds, Rescue Safety, Friend of the Court, and Child Care with no changes to the Administrator's recommendations.

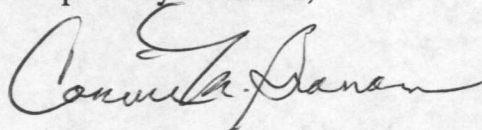
The Committee of the Whole directed Administrative Staff to present the FY 2004 General Fund and Capital Improvements Budget to the October 14, 2003 Annual Meeting.

Chairperson Corkin opened the meeting for public comment.

Sheriff Michael Lovelace was present and distributed to Commissioners information regarding Road Patrol funding and staffing issues.

There being no further business, the meeting was adjourned at 6:30 P.M.

Respectfully submitted,



Connie M. Branam,  
Marquette County Clerk