

The Marquette County Board of Commissioners met as a Committee of the Whole to conduct Departmental Budget Hearings on Monday, August 30, 2004, at 1:30 P.M., in Room 231 of the Henry A. Skewis Annex, 234 W. Baraga Avenue, Marquette, Michigan.

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

Steve Powers, County Administrator, presented his FY 2005 recommended County Budget. He explained that the recommended Budget is balanced, but achieving a balanced budget was a difficult challenge. He stated that compounding the difficulties is uncertainty at the State level regarding revenue sharing and the ongoing increases in health insurance costs. He explained that managing the budget has become a constant juggling act.

The 2005 General Fund Budget starts with \$134,000 more revenue than the 2004 Mid-Year Budget. The 2004 Amended Budget is \$16,926,000. The 2005 budget review starts with a less than 1% increase in revenue. Expenses are projected to increase more than 2%.

Mr. Powers explained that the 2005 Budget, while challenging, would be horrendous if not for the policy leadership of the Board of Commissioners and the efforts of the Marquette County Department Directors and Managers. The Board of Commissioners made difficult, prudent decisions in the 2004 budget; the types of decisions that other counties are facing in 2005. Marquette County Department Managers are in an ongoing effort to reduce costs and improve services.

State revenue reductions will likely continue. Property tax growth is capped. Health Insurance costs, unless employees assume a larger share of the burden, are not expected to decrease.

REVENUES:

The budget assumes State Revenue Sharing will continue at 2003/04 levels, as proposed by Governor Granholm. If the State Legislature cuts Revenue Sharing, the budget will have to be amended, and the Board of Commissioners will be facing difficult choices regarding services. The Governor and Legislature are considering several options for County Revenue Sharing, ranging from eliminating County Revenue Sharing to establishing a County Revenue Sharing Reserve Account. The 2005 Budget assumes the Revenue Sharing Reserve Account is approved by the Legislature. If County Revenue Sharing is eliminated, the 2005 Marquette County Budget will be short \$1,098,000.

Mr. Powers further explained that the recommended Budget continues permit fees supporting regulatory programs. Increases are included in Building Codes (5% overall) and environmental health. The recommended Budget continues a policy of indirect cost allocations from other funds. The budget also includes \$526,000 from the Delinquent Tax Revolving Fund (DTRF): Tax Administration Services - \$225,000; Capital Improvements Program - \$141,000; and General Fund Contingency - \$160,000. The fund generates approximately \$600,000 in annual revenue above what is needed for tax payments to the cities, townships, and schools. Use of \$526,000 will not require borrowing to maintain the DTRF.

EXPENDITURES:

Mr. Powers explained that no additional programs or personnel are recommended in the General Fund. The 2005 Recommended Budget is \$17,058,117. Expenditure reductions were made in all General Fund Departments and Departments receiving General Fund support, and most agencies receiving General Fund Support.

Rapidly escalating health insurance costs have a strong influence on the budget. The estimated cost to provide health insurance to employees and retirees will cost an estimated \$231,000 more than in 2004. The Health Insurance line item increase alone is greater than the General Fund revenue growth. Projections for 2005 are that the average cost will be \$11,304, and an 8% increase in premiums.

RECOMMENDATIONS:

- Modify and reduce employee benefit costs;

- Reduce various full-time positions to part-time when vacated;
- Reduce copy/computer charges to Departments and use Copy/Computer Fund balance;
- Information Systems cooperation with Health Department and City of Marquette.

Mr. Powers stated that Department Managers were given a budget reduction target. The target was not across the board, but was based on the Departments' 2004 budget and 2005 request. As a result, some departments had a larger percentage target than others. Overall, this approach worked and was favorably received by Department Managers. Over \$356,000 in positive changes were identified by Department Managers and helped balance the 2005 Recommended Budget. Mr. Powers further explained that reductions in staffing for 2005 will occur. Retirements are anticipated in various departments during the year, and several full-time positions will be filled on a part-time basis.

Mr. Powers explained that as an alternative to the policy recommendations, the Commissioners could consider eliminating discretionary programs. Balancing the budget would require closing the Youth Home (\$500,000), and eliminating the Sheriff's Investigation Program (\$92,000), the Rescue Unit (\$40,000), and the County's membership in the Lake Superior Community Partnership and Economic Development Corporation (\$61,000). If Revenue Sharing is eliminated or cut, these programs should be considered for elimination, depending on the amount of reduction.

Mr. Powers explained a summary of notable changes including the Courts, Public Records, Management, Human Services, Resource Management and Development, and Law Enforcement. He also explained other funds such as Central Dispatch, Sawyer International Airport and Business Center, Friend of the Court and Family Support, Child Care including the Youth Home and Custody, and Forestry and Recreation.

PUBLIC IMPROVMENTS/CAPTIAL IMPROVEMENT PROGRAM:

The recommended Capital Improvement Program in \$383,700. Sufficient revenue is available to fund the 2004 Capital Improvement Program. Funding recommendations follow County policies regarding Delinquent Tax Fund interest and use of other funds. The amount of Delinquent Tax Fund interest used is \$131,000, down from \$266,000 in 2004, and \$326,000 in 2003. The Capital Projects recommendation follows the Planning Commission's ranking, Information System ranking, and Department priorities. The 2005 program emphasis: Public Safety (\$250,700); General Government (\$103,000); recreational facilities improvements (\$21,000); and Public Works (\$9,000).

2:00 P.M. SHERIFF'S DEPARTMENT

Sheriff Michael Lovelace was present to request a half-time position for UPSET. He explained this position was eliminated last year. The position has been held open until now. October 1st is the deadline for Marquette County to request grant funding. The grant is half funded by the Department of Justice. Sheriff Lovelace further explained that the federal inmate day rate will increase this year from \$42 per day to \$68 per day. This will amount to approximately \$94,000 for 2005. He suggests this money be used to fund the half-time position for UPSET.

Dt./Lt. Racine from the Michigan State Police Post UPSET Team was also present to answer any questions.

Commissioners participated in general committee discussion regarding the FY 2005 Budget. They commended Administrator Steve Powers for presenting a balanced budget with such difficult times.

It was moved by Comm. Wallace, seconded by Comm. Tuominen and unanimously carried by voice vote that the Committee of the Whole schedule a work session following the September 7, 2004 County Board meeting.

There being no further business to come before the Committee of the Whole Departmental Budget Hearings, the meeting adjourned at 2:30 P.M.

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SEPTEMBER 7, 2004

The Marquette County Board of Commissioners met on Tuesday, September 7, 2004 immediately following the County Board Meeting at 7:30 P.M. for the purpose of conducting their Budget Work Session, in Room 231 of the Henry A. Skewis Annex, 234 W. Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Coyne, Comm. Joseph, Comm. Tuominen, Comm. Wallace, and Chairperson Corkin. Absent: None.

Chairperson Corkin informed Commissioners that were absent from the Departmental Budget Hearings of the request from Sheriff Lovelace regarding the half-time UPSET position which would be funded half from a Department of Justice grant and the other half funded from the federal inmate day rate increase.

Steve Powers, County Administrator, and Sue Vercoe, Finance Manager, explained that the FY 2005 recommended County Budget while challenging would be horrendous if not for policy leadership of the Board and the efforts by the County Department Directors and Managers. They explained the recommendation is to modify and reduce employee benefit costs; reduce various full-time positions to part-time when vacated; reduce copy/computer charges to Departments and use of copy/computer fund balance; and Information Systems cooperation with the Health Department and the City of Marquette.

Commissioners engaged in a brief discussion regarding KI Sawyer. Scott Erbsch, Sawyer Operations Manager, explained that Airport expenditures have been reduced and that effort will continue. The number of positions will be reduced by one in 2005 and SIABC will absorb some maintenance responsibilities that were funded by the Air Force Real Property Agency.

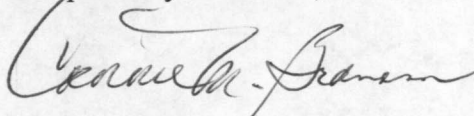
Commissioners and Kit Enniss, Director of Juvenile Services, briefly discussed the Youth Home. The net General Fund cost for the Child and Juvenile Treatment and Custody Programs, including the Youth Home and appropriations for the Family Independence Agency Child Services, is \$26,000 higher than in 2004 mid-year. The evaluation of the cost effectiveness of the Youth Home continues. The Youth Home may be an effective holding and treatment program, but with an average daily occupancy at below 75% of capacity for the past 2 ½ years and increasing expenses, its cost effectiveness should be reviewed. Commissioners discussed the possibility of trying to raise the capacity to 100%.

It was moved by Comm. Tuominen, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee of the Whole recommend the County Board present the FY 2005 Recommended Budget with the addition of the UPSET position to the September 21, 2004 meeting for discussion.

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

There being no further business to come before the Committee of the Whole Budget Work Session, the meeting adjourned at 8:00 P.M.

Respectfully submitted,



Connie M. Branam
Marquette County Clerk