

Bi-Weekly Update from County Administrator/Controller Kelli Scott, 11/13/13:

2014 Budget Process

The County is wrapping up our 2014 budgeting process, which has been extremely difficult because of the need to fill a \$3.3 million budget hole after already making significant cuts over the past few years. Our main struggles continue to be reduced property tax revenues and state revenue sharing, coupled with new developments related to public safety revenues and the elimination of personal property taxes beginning in 2014. Department requests narrowed the budget gap to \$2.4 million in September, and so we continued to look for potential budget balancing solutions. The good news is that further revisions have led to what will be recommended to the Board on 11/21 as a balanced budget that basically holds the line on spending at approximately \$40 million, even after factoring in contractual pay increases and more than \$200,000 in cost increases attributable to the Affordable Care Act. The Board of Commissioners Budget Committee, chaired by Commissioner Art Kale and including Commissioners Steve Frisbie and Jim Haadsma, will meet next on 11/14 to review the County Administrator/Controller's budget recommendation. Other items to be discussed include the preliminary 2014 Road Department budget, the county's historical staffing levels and positive trends in our employee healthcare costs.

The County Board will hold a **public hearing on the 2014 budget at its regular meeting on Thursday, 11/21, at 7:00 p.m.** in the Board Chambers on the third floor of the County Building at 315 W. Green St., Marshall, MI. The budget will be available for public review beginning on 11/19. The budget is scheduled to be **adopted by the Board of Commissioners on December 5.**

Employee Benefits Open Enrollment for 2014

County employees have the opportunity from now until November 30 to choose their benefit elections for 2014, through an open enrollment process now entirely online and paperless. Although the cost to employees for some plans will increase for next year, the County continues to offer competitive medical, dental, vision, life and disability benefits to our employees, their families, and our retirees. By choosing to comply with Public Act 152 of 2011, the County Board will be asked to commit again for 2014 to limit its contribution toward employee health insurance to no more than 80% of the total costs. Our cost containment strategies over the past few years, including implementing a high deductible plan with Health Savings Accounts and our Wellness Program, have had very favorable budget results. The county is projecting **employee health insurance costs for 2013 to be approximately \$100,000 LESS than what was spent five years ago in 2009**, in spite of industry trends that would have suggested double digit percentage increases each year.

Honeywell Energy Performance Contract - Year 2 Results

The County received good news last week from Honeywell International, who reported that after the first two years following the implementation of over \$7 million in facility improvements, actual energy and operational cost savings continue to exceed the projected savings. Under an Guaranteed Energy Savings Performance Contract approved by the Board of Commissioners in 2010, Honeywell promised to ensure over \$100,000 per year for the next 20 years in savings just in utilities costs. Additional savings are guaranteed to come from operational cost avoidance. Based on an independent audit of measured savings, **the County has saved more than \$500,000 in utility costs since 2010** strictly because of these energy savings improvements. In our Justice Center/Jail Complex alone, the County used over one million kilowatt hours less of electricity than was used prior to this Honeywell project. The auditors put our energy savings into context by describing it as the equivalent to preventing over 8 million pounds of carbon dioxide emissions, or removing 791 cars' pollutants from the road!

Road Department Updates

The County Road Department hosted its monthly meeting with Township Supervisors on October 24, and discussed the winding down of summer operations and transition to winter preparation activities.

The Road Department is **hiring temporary truck drivers** for the 2013-2014 Winter Season, December 2013 through March 2014. Candidates must possess a high school diploma or equivalent, a valid MICHIGAN Driver's License, CDL Class B with Air Brakes, and a DOT Physical Card, with two years' experience is preferred. The wage rate is \$14 per hour, and those interested can get more information on both the County's and the Road Department's websites, at www.calhouncountymi.gov or www.calhouncountyroads.com, or by contacting the Road Department office.

Managing Director Jerry Peterson reports the department **increased its pothole patching efforts by 30%** from 2012 to 2013, spending more than \$3.2 million to date in 2013 vs. \$2.3 million in 2012. The Road Department has also greatly reduced the number of pothole service requests from over 1,200 in July to under 450 as of now. Peterson emphasizes the probability that it will take 3-4 years of better asset management and planning to get Calhoun County's roads into a shape where potholes do not continuously pop up and become an issue.

The **tentative 2014 budget** for the Road Department assumes similar levels of transportation funding from the state to what was received this year. Nevertheless, the proposed budget includes much more emphasis on structural improvements, from crack sealing to chip sealing to complete reconstruction projects, based on the need to invest more in heavy maintenance that has long-term impacts. Many of the resurfacing projects will continue to rely on leveraging federal funding and through seeking grant assistance. Road Department Management and County administration are working on a proposed new policy for local road and bridge work that will better illustrate costs and define expectations for township participation starting next year. The tentative 2014 Road Department budget reserves over \$600,000 for such local road match projects, exceeding the \$400,000 or less designated in past years. Also included is over \$500,000 in new equipment to help reduce inefficiencies related to our aging truck fleet. Administrative costs are slated to be down by more than \$200,000 next year, mainly due to consolidation efforts that have produced savings in a variety of areas, from employee health insurance to mail services. Through the County Board of Commissioners' decision to dissolve the Road Commission in November 2012, and our Interlocal Agreement with Jackson County to share personnel services and jointly issue purchasing bids, additional savings are expected to be realized next year and could provide even more funding for road improvements.

Big Marsh Intercounty Drain Board

The Big Marsh Intercounty Drain Board last met on September 19, and voted to authorize their legal counsel and engineering consultant to work with Management and Water Resources officials from the County, the City of Battle Creek and Emmett Township on a potential contractual solution to address drainage issues identified along the Juanita Drive area in Emmett Township and Linwood Drive area in Battle Creek. These flooding issues were petitioned nearly four years ago, and after lengthy litigation surrounding the process used and concerns about the possible magnitude of the project and impact on taxpayers, the Board is interested in determining whether the City of Battle Creek and Calhoun County could simply pay for smaller scale projects outside of the normal process that would result in special assessments to landowners and municipalities within the drainage district. At this point we do believe a contractual solution is technically and financially feasible, and so a draft agreement is undergoing legal review. Commissioner Derek King has been instrumental in getting input from landowners in Emmett Township whose property would be involved in the proposed drainage work. ***The Big Marsh Intercounty Drain Board is scheduled to meet on Thursday, November 21, at 2:00 p.m.*** in the County Water Resources Office, to consider this proposed solution.

Regional Planning Initiatives

County Administrator/Controller Kelli Scott has been attending regular meetings of the newly reorganized Southcentral Michigan Planning Council (SMPC) along with Commissioner Kathy-Sue Dunn, who chairs the Council. At their meeting on November 5, the Council received a Fiscal Year 2013 Annual Report, summarizing this reorganization of SMPC, which is now Calhoun County's authorized regional economic development organization that also represents Barry, Branch, Kalamazoo and St. Joseph counties. The SMPC recently received a grant to create a ***Comprehensive Economic Development Strategies (CEDS) document***, which is necessary in order to access federal economic development project funding. The W.E. Upjohn Institute is overseeing the process to develop this CEDS, scheduled for completion in the spring of 2014. The Council also entered into a new contract with the Kalamazoo Area Transportation Study (KATS) to provide transportation planning services for all the counties represented.

Another related regional planning activity of note is the Governor's new ***Regional Prosperity Initiative***, a voluntary competitive grant process that was signed into law as part of the FY2014 state budget (59 PA 2013). These grants will incentivize voluntary partnerships to develop a regionally specific economic vision and plan to create vibrant regional economies. Only designated planning regions and organizations are eligible to apply for the grants, but only if they collaborate with business and non-profit representatives, workforce boards, higher education, and regional economic development organizations such as SMPC. Our region is seeking up to \$250,000 in grant funding to develop a 5-year regional prosperity plan and economic development blueprint.

Calhoun County Visitors Bureau meeting 11-12-13

The Calhoun County Visitors Bureau (CVB) met on November 12 and approved their annual budget for 2014 that will provide approximately \$850,000 for the promotion of local sports, recreation and tourism. The CVB's activities are funded mostly by revenues from the County's Hotel Accommodation Tax Ordinance, authorized by state statute. The CVB is also considering relocating their office to a better street-front location in downtown Battle Creek, a decision likely to be made within the next few months, pending ongoing property negotiations. Commissioner Kathy-Sue Dunn is the Vice-Chair of the CVB Board, and Administrator/Controller Kelli Scott is the Treasurer. Information on upcoming events throughout the county can be found on the CVB's website <http://www.battlecreekvisitors.org> as well as on Facebook and Twitter.

Marshall Chamber of Commerce Board meeting 11-13-13

The Marshall Area Chamber of Commerce Board of Directors met on November 13 and heard updates on the progress of the recently created Marshall Area Economic Development Alliance (MAEDA), headed by John Coulter. While continuing to provide economic and community development services, promote tourism, plan events, and serve Chamber members, MAEDA is also fleshing out its strategic plans and working with the City of Marshall on renovations to their Visitors Center located in the Marshall City Hall. County Administrator/Controller Kelli Scott is on the Marshall Chamber Board, which is currently chaired by Mark O'Connell, VP of Finance and Administration for Kellogg Community College. Information on upcoming events in the Marshall area can be found on the Chamber's website at <http://www.marshallmi.org/> as well as on Facebook and Twitter.

County Building 1st Floor Restoration

Assistant County Administrator Brad Wilcox reports that restoration efforts on the 1st floor of the County building in Marshall are on schedule for completion by the end of December. The project is covered by property insurance proceeds, and will culminate in the relocation of several county departments into a

new Community Development area that will better coordinate economic development, planning and other services currently offered to the public from separate locations.
