



STATE OF OTTAWA COUNTY 2010

PRESENTED BY COUNTY ADMINISTRATOR ALAN G. VANDERBERG TO THE OTTAWA COUNTY BOARD OF COMMISSIONERS
FEBRUARY 23, 2010

Chair Kuyers, Vice-Chair Holtrop, and members of the Board, I thank you for the opportunity to present this 6th annual State of the County address. I believe it is important to take time each year to reflect upon the accomplishments of the past year and focus on some of the initiatives that we will undertake in the months ahead.

Much of 2009 was spent completing objectives identified in the 2009 business plan, which is the working document of the County strategic plan. I will once again organize the State of the County address to correspond to the strategic plan's framework. I continue to be amazed at how many people have viewed the strategic plan on miOttawa.org and printed it out for reference. We also continue to receive inquiries about the document and our process from other government units who wish to employ a similar process. We strive to make the plan a living, breathing document and daily guide to our actions, and I believe we move closer each year to achieving that goal.

Ottawa County is committed to excellence and the delivery of cost-effective public services. There is no more concise way than our mission statement to tell our residents, employees, and customers what Ottawa County is all about. Every day our employees work to find creative ways to deliver outstanding service within limited resources, which is why the first of our four goals, to **MAINTAIN AND IMPROVE THE STRONG FINANCIAL POSITION OF THE COUNTY**, is so critical to what we do. Residents trust Ottawa County government to use tax dollars wisely, and with Michigan's economic climate, prudence and foresight has always been important to our organization. In 2009 service-level cuts were again required, a trend that I expect to continue in 2010. Simply stated, with continued drops in revenue sources (property taxes, state shared revenue and other income streams) the County cannot continue to deliver the same level of services to our citizens.

Many factors outside of our control will continue to impact the short- and long-term financial outlook for the County. A January 12 presentation by Upjohn Institute economist George Erickcek indicates that Michigan can expect a continued loss of employment in 2010 and 2011, on top of the fact that 35% of the auto workforce exists that was present in 2000. This is a driver for the fact that housing prices are still retreating and residential construction is at a standstill. Current forecasts show that if

our spending and revenue continue at existing levels, we could see operating deficits at the end of the next five years of \$11 to \$16 million. We will remain vigilant to continually monitor these trends and take the appropriate measures to retain the firm fiscal footing of the County. The economy has not hit bottom yet, at least in Michigan or locally, and once it does (as Erickcek noted) it will be a slow recovery.

The important message regarding County finances is that we have and must continue to maintain a secure long-term financial position, especially relative to other Michigan local governments. Our focus is to remain financially secure while meeting service demands in these economically turbulent times. Organizations such as the State of Michigan and Macomb County spent reserves down and now are facing repeated years of significant layoffs and reductions in service. Ottawa County has been and must remain committed to making tough decisions, before crisis strikes, in order to remain financially healthy. This will involve continuing to use a comprehensive approach to budget balancing; evaluating program reductions, cost savings, use of fund balance and revenue options.

In 2008, we faced and made the first economy related budget cuts in County memory. Almost \$1.2 million was made in program reductions, with an additional \$1.5 million of fund balance and other one-time dollars used to balance the 2009 budget. In 2009, additional cuts were required to balance the 2010 budget; \$222,000 in benefit reductions, \$767,845 in program reductions, \$250,000 in outsourcing custodial services, elimination of 46 full-time equated positions, and use of \$2 million in fund balance and one-time dollars. It is anticipated that the 2011 budget will need to be based on 2006 revenue levels. The work on this budget has already begun, and will continue so that priorities are set and a budget established. Many of the key factors to this budget year include:

REVENUE SHARING: The battle to restore revenue sharing to counties must again be addressed at the State level in 2010. Ottawa rejoins the State revenue sharing funding cycle in 2011, making it important to ensure the State lives up to its statutory commitment during the upcoming budget cycle. This represents \$4.7 million in general fund money for 2011, or 7% of the total general fund budget in 2010. The Governor unveiled her proposed budget on February 12 and true to her word, proposed full funding for revenue sharing. Now our work is cut out for us to maintain the proposed funding level throughout the state budget process.

FULL FUNDING OF STATE MANDATES: In 2010 we will continue our efforts, working with GCSI and MAC, to advocate for full funding of State mandates, reminding the State that the Constitution requires it to partner with counties to deliver services. Two reports released in 2009, from the Citizens Research Council (CRC) and

the Legislative Commission on Statutory Mandates, underlined the failure of the state to meet their Constitutional requirement to partner with counties to deliver services with full funding. In fact, the CRC report found that state officials of all three branches have “actively ignored and opposed” Headlee Amendment requirements. There is a continued need to educate the public and State officials of the intended interdependence of the levels of government, also called federalism. State funds for mandated services are critical to the County’s ability to carry out those mandates, and it is those at the local level who suffer when such funds are reduced or eliminated.

DISCRETIONARY VERSUS MANDATED SERVICES: The discretionary services ranking tool developed by Ottawa County in partnership with Dr. Lynn Harvey, Professor Emeritus of Michigan State University, has been replicated by other counties. Statewide other organizations have had difficulty producing a meaningful framework to rank the level of a mandated service. The Board has already ranked functional areas of departments combining discretionary and mandated services, and will later rank only discretionary services.

BENEFIT COSTS: The total cost of fringe benefits has been steadily increasing over the past decade. While these fringe costs in 2000 were roughly 34% of salary, in 2010 they were 48%. The two leading components of that 48% are medical/pharmacy costs at 23% and retirement/sick leave at 12%. While significant changes were made with some employee groups on sharing the costs for health care and prescriptions, further work must be done to more effectively manage these costs. A Defined Benefit/Defined Contribution analysis has been presented to the Board, with a recommendation upcoming in early 2010 to look at ways to control these costs for future employees of the County.

But all the news is not bad. As an indicator that Ottawa County has been successful in maintaining an overall secure financial status, in 2009 we maintained our high credit ratings with all three major rating agencies.

In addition, though the Upjohn Institute reported that Ottawa County lost 8,300 jobs in 2009 and over 17,000 since 2001, there has been recent good news that will hopefully mark the reversal of this trend. In the emerging energy industry, two automotive battery plants, Compact Power Incorporated, owned by LG CHEM of South Korea and Johnson Control – Entrek will begin operations in Holland and Tiara Yacht will begin production of wind energy blades. The food industry continues its strong performance as evidenced by the Continental Dairy project planned for the former Delphi plant in Coopersville. These projects represent over 1,400 new jobs.

Additionally, between 2000 and 2009 Ottawa had an annual average population growth rate of 1.09%, higher than the state or the nation. I believe this reflects something we all know, that Ottawa County remains a great place to live and work. This is reflected by a host of awards in 2009 and most recently last week, as the “2nd Happiest Population” in the nation by the Gallup-Healthways Well-Being Index. Other awards in 2009 include; Holland was recognized in national publications as one of the Best Places for Business and Careers (Forbes Magazine) and one of the Best Places to Retire (Money Magazine). Hudsonville City was ranked as one of the Top 100 Affordable Communities to Raise Your Family in a recently published book entitled The Best Places to Raise Your Family. Park Township received a 5-Star Rating (on a 5 star scale) in a recently published book entitled America’s Top-Rated Small Towns & Cities. This rating was based on home values, educational attainment, and beauty. Additionally, Grand Haven and Spring Lake High Schools were ranked among America’s Best High Schools by U.S. News and World Report. Grand Haven’s Winterfest was also recognized as one of Winter’s Coolest Festivals in the Country (Disney’s Family Fun Magazine).

Our continued commitment is to retain this high quality of life, maximizing the natural resources of the area and strengths of character our residents possess.

Our second goal is to MAINTAIN AND ENHANCE COMMUNICATION WITH CITIZENS, EMPLOYEES, AND OTHER STAKEHOLDERS. The County website, miOttawa.org, improved upon its status as an award-winning website in 2009, achieving 8th place in the nation for counties with a population of 250,000-499,000 in the Annual Digital Counties Survey. The website continues to offer a greater number of services to residents online, which is not only more convenient for the citizen but also increases the efficiency of our operations. “Page views” on the website increased by 11% in 2009, with a 22% increase in document downloads. The site also generated 13% more revenue for departments in 2009, which translated into an approximate 7% increase in convenience fee revenue.

2009 also marked the adoption of a comprehensive communication plan by the Board of Commissioners. That plan both underscored the ongoing commitment of certain communication practices of the County, but also marked the beginning of other strategies to improve communications with our stakeholders. MiOttawa.org will continue to be the centerpiece by which information and services are provided to residents. While budget concerns eliminated the use of a mailed annual report in 2010, other initiatives are being developed to reach residents. These include; experimentation with new social networking vehicles, citizen budget meetings, posting of agenda packets online and a “County in the News” link on the webpage to highlight and add information regarding articles in the local media.

The 2009 employee survey indicated a marked improvement in communication with employees and more confidence in County administration. Results were up in all areas from the 2005 survey, and to maintain and improve those results we will continue efforts such as brown bag lunches, the employee newsletter, and the Labor-Management Cooperation Committee. Overall, the dedication and professionalism of our employees continues to be the main ingredient in being able to offer a high level of services in a time of economic constraint.

In 2010 a citizen survey will again be used to asked residents' opinions about county services and priority for the four strategic plan goals, serving as a gut check for the Board. In 2008 all four goals had a priority rating over 85 percent, demonstrating that our internal compass is correct.

During 2008 Ottawa County began the **GOLD** (Growth Opportunities in Learning and Development) Standard Training Programs. These programs were in direct response to employee surveys regarding the need for solid, meaningful professional development and training opportunities for our employees. The GOLD Standard Training is based upon the theory that employee training and development leads to increased knowledge and skills, which leads to increased employee engagement which results in increased productivity, ultimately resulting in organizational improvement. Included in these trainings were the GOLD Standard Leaders Program and the GOLD Standard Employee courses. 77 employees have now gone through the GOLD Standard Leaders Program, and in 2009 previous "graduates" had the opportunity to come together for roundtable discussions on topics such as performance evaluations, mentoring, and common discipline issues. Spanish language training was added to the list of classes in 2009 and has been very successful thus far. Over 100 employees completed Spanish training during 2009, and we are continually seeing the results of these classes as our employees improve communication with our Spanish-speaking residents and clients. In all, 271 classes have been provided and 840 different employees have completed training in GOLD since inception.

The third goal established in the strategic plan is to **CONTRIBUTE TO A HEALTHY PHYSICAL, ECONOMIC, AND COMMUNITY ENVIRONMENT**. In late 2008 and early 2009 the County Treasurer, Drain Commissioner, MSU Cooperative Extension Office and County Clerk Vital Records and Election Division have moved into their new space at the Fillmore Administrative Complex. The Prosecutor's Office moved into expanded space. The Ottawa County Courthouse project was completed on schedule and on budget. Both facilities are LEED certified. This project represents the flagship of County facilities and also the end of a 15-year facility development plan. An event including an

open house will be held at the new Courthouse on May 6, 2010 to commemorate this event.

Water quality remains an important component for maintaining a high quality of life in Ottawa County, and in 2009 we maintained our focus on bringing policy makers and scientists together to discuss the best approaches for maintaining our most valuable natural resource. The Water Quality Forum saw fewer participants than in 2008, which we saw as a result of reduced travel budgets for the State and local units of government; however, participant satisfaction with the event was still very high. We are continually learning more about the human and non-human impacts on our local waterways and see water quality as a regional effort. To support this effort, the Drain Commissioner represents the County in the Lower Grand Organization of Watersheds or LGROW. The Planning and Performance Improvement Department has finalized a plan to move forward with a comprehensive water resource assessment for the County. The main purpose of the project is to create a GIS-based tool that local communities can utilize to determine what impacts any given development will have on the sustainability and quality of ground and surface water in their jurisdictions. The Water Quality Forum and water resource assessment demonstrate the County's commitment to addressing water quality concerns, keeping our waters safe, our tourism economy strong, and our citizens healthy.

Ottawa County was the recipient of just over \$2 million in stimulus funding through the EECBG program, or Energy Efficiency and Conservation Block Grant program. These funds are being used to increase the energy efficiency of facilities throughout the county to reduce operational costs and also our reliance on energy. While \$1 million was used for county facilities, an additional \$500,000 was allocated for other governmental units and businesses.

The development and use of renewable energy sources, particularly wind energy, has become an important land use issue facing municipal officials throughout Ottawa County. The Planning and Performance Improvement Department completed a model wind energy ordinance that earned a 2009 NaCo Achievement Award. This ordinance is unique in that it is one of the first in the nation to provide specific size appropriate zoning standards for small, medium, and large wind energy turbines. This model ordinance proactively assists local units of government with the promotion and regulation of wind turbines by providing a framework that local communities can draw from to set their own size-appropriate wind energy zoning standards.

The County Parks Department continued its focus on greenways as it expanded the park system by 149.3 acres with land purchases along the Grand and Macatawa Rivers.

The Olive Shores Acquisition was also completed in 2009, using more than \$2 million in grant funding to obtain this pristine land on the shores of Lake Michigan. The Nature Education Center at Hemlock Crossing is scheduled to open in spring 2010 and will house all county park nature interpretation functions plus serve as a visitor center for the entire parks and open spaces system.

In 2009 the Planning and Performance Improvement Department has completed a public-private partnership to build a Countywide Wireless Broadband network which required no taxpayer funds to construct. This collaborative initiative has resulted in a broadband system that provides high-speed internet access to many residents in rural areas of Ottawa County who previously had no broadband access. The County also built our own communications tower in 2009 which will generate revenue to assist in paying for future technology needs.

2010 will bring about a change in focus of Planning and Performance Improvement to provide emphasis on economic development within Ottawa County. This means that some environmental and transportation planning initiatives will slow down to accommodate a change in staffing. Despite the change in staffing a great deal of progress has been made with the West Michigan Transit Linkages Study, a report on which is expected in April, the Purchase of Development Rights, or PDR, Program, which recently had ordinance language approved by the Board, and the Urban Smart Growth Demonstration Project, which has garnered awards from the Michigan Association of Planning and the American Institute of Architects.

The final goal established by the Board of Commissioners is to **CONTINUALLY IMPROVE THE COUNTY'S ORGANIZATION AND SERVICES**. The Planning and Performance Improvement Department continues to evaluate county programs for outcome-based effectiveness. From 2003 – 2009, evaluation recommendations have resulted in \$5,518,448 of direct cost-savings. Another \$25,989,444 in programming has been verified by the Planning Department to be cost-effective expenditures of county general fund dollars. The Department is also assisting each county department to complete outcomes based performance measures for each department in the County.

2009 saw the first major wage and classification study not conducted by William Rye & Associates in over a decade, and virtually all classifications were part of this year's study. The system will allow for ongoing administration internally, saving money over time by eliminating large jumps in salary costs that have historically occurred each time a study is completed. All labor contracts were settled amicably in 2009.

The Labor-Management Cooperation Committee has already begun making recommendations for communication and enhancements to the health plan, but its work will increase in 2010 with the detailed development of a wellness and health management plan for implementation in 2010, with a mission of continually improving workplace health through a cooperative partnership.

In 2009, an internal team evaluated the effectiveness of PA 2 Liquor Tax allocation and an external team continues to evaluate the effectiveness of the Lakeshore Coordinating Council (LCC) and whether this organization still represents a best practice approach of managing substance abuse revenue from a variety of sources. Evaluations of the public utility function and the potential combination of the Clerk and Register of Deeds function also continues in 2010. An organizational review is also currently underway to study the Fiscal Services Department. These reports will be in addition to the ongoing evaluations conducted by the Planning Department, which for 2010 include the Juvenile, District Court, and Circuit Court Drug Courts and the initial time-study analysis of the Electronic Content Management System project.

In 2009, we continued to offer services to our local units of government. While this included the very successful EECBG program, it also extended to including imaging and web improvement services through WebTecs. We will continue to evaluate what services the county provides to assess the usability for the local units of government.

We live in troubled times. Many businesses in Ottawa have either significantly reduced their workforces and some have even closed their doors. Unemployment has surpassed 10%. Even though times are tough, we also have much to be thankful for and to accomplish in 2010, and I look forward to working with the Board of Commissioners, employees, and other County stakeholders to continually improve our operations and quality of services to residents.