



# COUNTY OF SAGINAW

## OFFICE OF COUNTY CONTROLLER

111 SOUTH MICHIGAN AVENUE  
SAGINAW, MICHIGAN 48602

**ROBERT V. BELLEMAN**  
*Controller/Chief Administrative Officer*  
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June 1, 2022

Honorable Chairman and Members of the Board of Commissioners  
County of Saginaw  
111 S. Michigan Avenue  
Saginaw, MI 48602

RE: **2023 Fiscal Year Budget**

Dear Chairman Ruth, Vice-Chair Matthews, and Commissioners:

I hereby present to you the "Controller Recommended" Fiscal Year 2023 County Budget in accordance with the Board adopted *County of Saginaw 2023 Budget Calendar* for the Operating Budget for Fiscal Year 2023 (Attachment #1) and the Uniform Budgeting and Accounting Act, P.A. 2 of 1968 as amended.

The development of the Fiscal Year (FY) 2023 County Budget involved Koren Thurston and me meeting with County-wide Elected Officials or their representatives and specific Department Heads whose budget impacts the General Fund or contained significant capital investments. We met during the weeks of May 9 through 24, 2022 to review their "Department Requests" and discuss the level of funding available in the General Fund, Public Improvement Fund, and other respective funds. We were able to meet in person until COVID struck again and I was required to isolate so we continued several of our budget meetings via Microsoft Teams. This year's budget process is the third year the Coronavirus impacted how we interacted with departments in review of their budget requests.

The FY 2023 County Budget remains relatively the same as Fiscal Year 2022 as there are still areas of our operations (i.e. Courts, SCACC) that are slowly returning to "normal" pre-pandemic operations. The Novel Coronavirus (COVID-19) continues to have an adverse effect on our operations and, as a result, on our revenues. The FY 2023 budget does incorporate \$3,417,015 from the American Rescue Plan Act (ARPA) of 2021 funding for revenue shortfalls, anticipated increased expenditures because of COVID related expenses, supply chain issues, and inflation.

### **Financial Highlights:**

<b><u>County Budget</u></b>	<b><u>Fiscal Year 2023</u></b>	<b><u>Fiscal Year 2022</u></b>	<b><u>Difference</u></b>
Total County Budget:	\$204,833,287	\$190,965,619	\$13,867,668
Total Number of Employees:	588.10	588.85	(0.75)
Total Payroll:	\$36,771,141	\$35,513,884	\$1,257,257
Total Fringe Benefits:	\$31,541,392	\$31,256,472	\$284,920
Total Capital:	\$6,932,212	\$15,811,814	(\$8,879,602)

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County of Saginaw Fiscal Year 2023 commences October 1, 2022 and ends September 30, 2023. The Fiscal Year 2023 budget includes the use of \$3,635,169 in fund balance/retained earnings in 30 Funds for operations, such as staffing, programs, and services or for capital purchases and/or projects. A specific list of those Funds is attached herewith for your review (**Attachment #2**).

The Fiscal Year 2023 County budget is built on a total millage levy of 10.5790, which is a slight decrease of 0.0310 mills. This decrease is comprised of a decrease in the Debt Millage levy of 0.0153 mills and a decrease of 0.0157 mills in all other millages due to the impact of the Headlee Amendment. The Debt Millage levy is voter approved support of HealthSource Saginaw capital improvement and expansion. The County Operating Millage Levy for FY 2023 is 4.8485 mills.

Property Tax revenues are projected to grow by 5.20 percent for Fiscal Year 2023. The Fiscal Year 2023 County Budget reflects \$2,627,251 in Local Community Stabilization Share Revenue. The Local Community Stabilization Share Revenue is the State’s reimbursement for the phase out of personal property tax.

<u>General Fund</u>	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>Difference</u>
Total General Fund Budget	\$56,236,012	\$53,351,173	\$2,884,839
Total Number of Employees	281.40	278.99	2.41
Total Payroll:	\$16,829,167	\$16,263,617	\$565,550
Total Fringe Benefits:	\$14,425,854	\$14,530,847	(\$104,993)
Total Capital:	\$32,380	\$37,500	(\$5,120)

The Fiscal Year 2023 General Fund Budget totals **\$56,236,012 and represents a \$2,884,839 (5.40%) increase** from current Fiscal Year 2022 General Fund Budget. The FY 2023 General Fund is presented with the use of **\$3,417,015 in ARPA funds to balance due to increases in “Contributions to Other Funds”, increased legacy costs, and general cost increases.**

The Board of Commissioners met on March 8 and 9, 2019 to undertake strategic planning and develop Board *Priorities* to **Enhance the quality of living in our community**. These Board *Priorities* were used to guide the development of this proposed Fiscal Year 2023 Budget. The Board identified three *Priorities* – **Quality of Life; Accessibility of Services; and Revenue/Cost Control/Efficiency**, which are set forth below. I would like to elaborate on specific elements of this proposed FY 2023 Budget and/or current efforts that meet these *Priorities*. They are:

**QUALITY OF LIVING**

*Creating a community where citizens feel safe, healthy, accepted, and comfortable, so they can undertake work and participate in and enjoy life events.*

**ARTS, ENTERTAINMENT & RECREATION GOAL:** Provide diverse, high-quality events and activities that educate, recreate, and entertain.

- Increase overnight tourism through continued partnership with Saginaw County Convention and Visitors Bureau.** The County continues to levy its 5 percent accommodations (Hotel/Motel) Tax pursuant to County Ordinance #103. The FY 2023 budget estimated collection of approximately \$3 Million with 75% of those taxes collected in Frankenmuth being retained by the Frankenmuth CVB and the remainder being retained by the Saginaw County CVB for marketing and programming efforts. The County Treasurer retains 5 percent of the hotel tax collected for administrative costs. Dr. Rummel has recently inquired about ensuring this accommodation tax is collected from private property owners renting their property through VRBO and Airbnb. These tax dollars are used to directly market Saginaw County and indirectly the Great Lakes Bay Region. The Saginaw County CVB and Frankenmuth

CVB leverage these tax dollars to draw one thousand visitors to our area every year. In fact, 2022 has seen a strong rebound in hotel/motel occupancy since the pandemic. The Saginaw County CVB annually proposes to invest a portion of these room tax dollars into community economic development activities. Dr. Rummel identifies specific projects in her budget presentation to the Board of Commissioners.

- 2. Ensure adequate funding to continue providing high-quality entertainment facilities and draw visitors from all over to The Dow Event Center and Jolt Credit Union Event Park.** The FY 2023 budget includes the voter approved millage increase of 0.225 mills for the DOW Event Center. The Dow is also just completing an approximate \$15 million capital investment to replace the ice chiller plant used for the Saginaw Spirit hockey and other ice entertainment (i.e. Disney on Ice); to replace the roof and arena air handling units; add heat and hot water to original arena restrooms; to repair the parking structure, upgrade lighting and replace both elevators, which are used by other downtown entertainment venues such as the Temple Theater and Jolt Credit Union Event Park along with the Heritage Theater. These venues have drawn over 126,000 visitors to a variety of events over the first 7 months of the current fiscal year.
- 3. Promote Saginaw County Parks and provide diverse recreational opportunities and programs to satisfy all age groups and levels of ability.** The Saginaw County Parks and Recreation Commission is 95% complete with a splashpad and playground addition at Haithco Recreation Area, which had a soft opening this Memorial Day Weekend. To say that it is an early hit is an understatement, with nearly 800 vehicles visiting the park on Memorial Day alone (500 vehicles was Haithco's highest day on record in the last decade prior to Monday). The project also included 1000 feet of accessible pathway, additional ADA parking, and universally accessible features on both the playground and splash pad. Additional needs at Haithco remain, including complete entry drive resurfacing, additional accessible pathways (including a connector path to Commission on Aging), and restroom renovations. The parks & Recreation Commission has submitted an ARPA Funding Request for Haithco Recreation Area that would allow them to continue the remaining work this summer, or early 2023 at the latest. The entrance drive project is currently budgeted in Parks proposed FY 2023 budget, though ARPA allocations would allow those funds to shift to additional park projects.

The Parks and Recreation Commission has submitted grants to the Michigan Natural Resources Trust Fund for Imerman Memorial Park (\$650,000 total, \$350,000 matching funds) and Price Nature Center (\$194,000 total, \$100,000 matching funds) for improvements at these parks. Imerman improvements include a renovation of the boat launch, addition of a canoe kayak launch, accessible pathways throughout the park and the addition of an ADA compliant/family style restroom unit. Price Nature Center improvements include an accessible pathway from the parking lot to the pavilion/playground area and the addition of an ADA compliant / family style restroom unit.

The Parks and Recreation Commission is prioritizing projects that eliminate ADA deficiencies identified in the Saginaw County Parks ADA Transition Plan Update completed in 2021. Many of these projects provide additional benefit beyond eliminating the ADA deficiencies, like the family restroom units for example.

Saginaw County Parks also recently received notification that the State of Michigan is investing \$867,000 of State of Michigan ARPA funding in the Saginaw River Headwaters Rec Area (former Malleable Iron) project – with additional scope of design and construction of new paved entrance and paved trails at entrance. We are thrilled that the State of Michigan is prioritizing Saginaw, and its parks, through their available ARPA funding. ARPA investment at the County level across our entire parks system will pay dividends for many future generations to come.

**EMPLOYMENT GOAL:** Collaborate with government, business, and educational institutions to increase education and employment opportunities.

- 1. Advance economic growth and employment through continued funding and collaboration with Saginaw Future Inc.** The FY 2023 General Fund budget includes an annual base contribution of \$50,000 to Saginaw Future Inc. and the opportunity to earn an additional \$150,000 when Saginaw Future Inc. achieves the agreed upon metrics associated with (1) Job Creation, (2) Investments (property tax revenues) and (3) Government Contracts. Saginaw Future, Inc provides administrative support to the Saginaw County Economic development Authority and the Brownfield Authority.

2. **Provide quality educational programs and services in skilled trades by partnering with organizations like Great Lakes Bay Michigan Works!, K-12 education and local universities and colleges.** County of Saginaw is one of five (5) Counties that created Great Lakes Bay Michigan Works! who provide workforce development programs to Saginaw County and regional businesses. The FY 2023 proposed budget includes Great Lakes Bay Michigan Works! programs.
3. Additionally, the Saginaw Health Department has established an affiliation with Central Michigan University to create an “Academic Health Department.” The Health Department continues its relationship with University of Michigan school of Public Health Training Center for collaboration on public health training and employs interns. The FY 2023 Health Department budget includes grant funding for “Health Resource Advocates” in local school districts.

**HEALTHCARE GOAL:** Provide affordable healthcare and services and ensure equal access to healthy choices and opportunities.

1. **Address growing health issues related to obesity and chronic illnesses, dental health, HIV/AIDS, maternal, child and infant health and behavioral health.** The FY 2023 budget supports community health assessment priorities associated with the new initiative BWell Saginaw addressing maternal and child health, obesity, and mental health programming. The FY 2023 budget also includes funding to promote My Community Dental Centers program.
2. **Engage in community partnerships with local healthcare providers, serving as a leader to identify and address community health needs.** The Saginaw County Health Officer and Medical Director have developed strong partnerships with local healthcare providers through “Med Control” to respond to the Covid pandemic and is evolving into addressing other community health needs. Additionally, the Saginaw County Board of Health was restructured to include representatives from Ascension St. Mary, Covenant, CMU, Saginaw ISD, and other community partners and consumers. To further collaborate on identified community health needs, the newly branded BWell Saginaw Partner Coalition is being developed, led by the Saginaw County Health Department.
3. **Promote awareness of public health issues and healthcare sources.** The Saginaw County Health Department recently launched its BWell campaign (building resiliency) to inform and engage Saginaw County businesses and residents. Employees and residents receive up-to-date information via Facebook and on the Health Department’s website about community health assessment priorities in addition to information on other health services.

Saginaw County Health Department has a goal to move Saginaw County overall health rankings from 71st out of 83 counties to “Top 25”.

The Saginaw County Health Department Mission is “Protect, preserve and promote a healthy community and environment for all.”

The Health Department’s vision is “Innovative leader, partner and service provider assuring a healthy and safe community.”

The Health Department, the Board of Health, and partners will leverage the voter approved millage, the General Fund FY 2023 contribution and grant fundings to address the Community Health Assessment priorities as well as creating the necessary infrastructure to enhance the overall health of the community.

Additionally, the Health Department has “kicked off” its triannual Community Health Assessment which affords all residents an opportunity to provide feedback on community health issues and healthcare gaps.

The Coronavirus pandemic “shined” a light on our vulnerable community members who lack access to quality, routine medical care.

**HOUSING GOAL:** Increase opportunities for individuals to live in safe housing to reduce the risk of homelessness.

1. **Improve quality of assisted housing and increase assisted housing choices.** This objective is being met through other public and private agencies.

2. **Promote Self-Sufficiency** – The County has received several funding requests under the American Rescue Pan Act of 2021 to support “self-sufficiency,” around housing by providing quality housing for low/moderate income residents or personal financial management services. MSU Extension ahs submitted an ARPA Funding Proposal to continue its programs and services in the County.
3. **Serve the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking.** The County’s FY 2023 budget includes funding for the Prosecutor’s Victim Rights office (\$217, 980) and a contribution to Underground Railroad twenty-five (\$25,000) along with free office space in the Courthouse & Governmental center to assist women of domestic violence with securing Personal Protection Orders (PPO).

**SAFETY GOAL:** Maintain community safety and make court processes more efficient.

1. **Implement paperless record keeping system to create efficiencies and free up resources.** The County of Saginaw, for the past two years, has been investing nearly \$10.7 million to transition from our antiquated Mainframe System, which uses COBOL to five (5) different software packages including, but not limited to Prosecution by Karpel, Odyssey, and JAILTRACKER, which incorporates a paperless record keeping and other features that will create efficiencies, and ultimately, free up resources. These systems are scheduled to “go-live” in June 2022 and we anticipate realizing many of the benefits by the end of the first quarter FY 2023.
2. **Maintain staffing at Public Safety departments.** The Sheriff’s Department will maintain a sworn personnel level at 58. The greatest challenge in attracting and retaining law enforcement personnel will be competitive wage and benefits.
3. **Retain Employees through personal and professional development opportunities.** The Board of Commissioners at its May 7, 2022 regular session approved a contract with VirTra Inc. for simulated Firearm Equipment and Training Services. The new training program will be available to law enforcement personnel and corrections officers. Additionally, the Saginaw County Sheriff’s Department maintains an annual subscription service with Lexipol for updated policies and procedures impacted by changes in federal and state laws. Deputies and correction officers are required to complete routine training sessions on these policies and procedures.

## ACCESSIBLE SERVICES

*Making critical services within reach for everyone.*

**CENTRALIZED SERVICES GOAL:** Centralize County services into one County campus.

1. **Install drop boxes and electronic kiosks in the County Building to easily access services.** The County installed a drop box in front of the Courthouse and Governmental Center for residents to provide payments or submit documents to the Courts or County offices. The Sheriff’s Department has a payment kiosk for inmates held at the Saginaw County Jail. The County continues to explore other opportunities to install kiosks for after-hours transactions to benefit residents who cannot arrive during normal business hours.
2. **Provide mobile healthcare and education services dispatched from central locations.** The Health Department has purchased and is utilizing two mobile clinics (a van and a Class A motorhome) to provide immunization and other mobile clinics throughout Saginaw County.
3. **Maximize Building usage through collaboration.** The FY 2023 General Fund budget includes approximately \$20,000 for the Saginaw County Medical Examiner’s office to co-locate within the current Health Department building. The County is also evaluating a new location for Mosquito Abatement Commission facility so the current property can be sold to the Public School District of the City of Saginaw. The relocation of Mosquito Abatement Commission may result in the Maintenance Department relocating to the Courthouse and more effective use of its storage facilities on Hospital Road. Additionally, the County is exploring the relocation of the Controller’s Office, Clerk’s Office, and Treasurer’s Office for space expansion within existing County facilities including the former Sheriff Administration Building and Courthouse.
4. **Direct resources towards opiates, pre-trial supervision, and bail reform.** Community Correction Advisory Board has recommended to the Board of Commissioners the filing of a \$670,351 Michigan Department of Corrections Community Correction Grant to fund an opiates program through TriCap and pre-trial services. The County is monitoring and adjusting to “bail reform.” The Board of Commissioners, at its January 18, 2022 regular session, authorized the County to secure a third party in providing tether services at a reduced cost to defendants. Additionally, the FY 2023 budget includes \$100,000 in the

PLUS Home Confinement Fund to cover possible costs associated with indigent defendants who the Courts place on the tether program but may not be able to afford a portion or all the \$7 per day tether fee.

**ROADS GOAL:** Improve transportation systems to achieve ease of mobility and safe travels by partnering with road agencies

1. **Perform maintenance, reconstruction, resurfacing and drainage work on high-need roads.** The road commission has 9 paving projects, 100 miles of primary road chip sealing and 75 miles of local chip sealing in progress for FY 2022. Going into FY 2023 they will be adding 2 additional paving projects; Dixie Hwy- Fort to Hess and Hess Road- Towerline to Ruff, 100 miles of primary road chip seal, and 2 bridge super structure replacements. The road commission continues to partner with Saginaw County cities and townships, including Merrill, Chesaning, Zillwaukee, and the City of Saginaw.
2. **Meet state standards for safety, pavement conditions, bridge conditions and travel time reliability.** Bridge Funding has continued to fall behind our needs, that said, bridge funding at the state level is set to increase over the next few years. Two noted projects for FY 2023 will be the Fordney over Beaver Creek and Hemlock Road over the South Branch of the Bad River.
3. **Improve our road quality rating.** The road commission currently meets or exceeds all state standards for safety, pavement conditions, and travel time reliability. With increased state revenues, primary road pavement conditions have been steadily improving.

**INFORMATION TECHNOLOGY GOAL:** Design and implement modern technology to streamline processes, functions, and capabilities.

1. **Update Information Technology Systems.** The Board of Commissioners, at its August 27, 2019 regular session, authorized the sale of a \$10.7 million bond issue to transition from the County's mainframe system to five (5) software systems. For the past two years the County Information Technology Department, with the assistance of Berry Dunn, solicited proposals from software companies and ultimately selected Tyler Munis for its Enterprise resource planning (ERP) system for financials, Human Capital Management (HCM) (personnel and payroll); Tyler Eagle for the Clerk's Vital Records system; Tyler Odyssey for Court Case Management; JailTracker for Jail Management and Probation; and Prosecution by Karpel. This investment will ensure long-term technology needs are met.
2. **Transition common services from in person/manual to online and mobile-enabled through department portals and virtual staff training programs.** The Coronavirus pandemic forced municipal organizations to transition to online services such as, judicial hearings via Zoom, Court cases displayed on YouTube, Friend of the Court on-line portal; and employees working remotely. The County Clerk has an online portal to purchase Vital Records. The Register of Deeds has for several years established a service whereby property owners and/or Title companies can acquire property deeds online. The County is evaluating a Citizen Self Service Portal, which would allow businesses and residents to make payments online. The County has deployed virtual training programs as have many of our professional associations.
3. **Digitize operations for efficiency and user-friendly access for all.** The County's \$10.7 million investment in transitioning from its Mainframe system to five (5) software packages will create more user-friendly technology and encourage additional expansion of efficiency and user-friendly access for all.

## **REVENUE & COST CONTROL EFFICIENCY**

*Efficiently leveraging our resources to create an attractive and thriving community.*

**FUNDING GOAL:** Create and improve upon revenue-generating initiatives.

1. **Promote the 2020 Census to ensure adequate federal funding.** In 2020, the County of Saginaw partnered with the City of Saginaw to host various census events encouraging residents, especially in low response census tracks, to complete their census questionnaire. The County had received a \$50,000 grant through the Michigan Municipal League to cover costs associated with these events and to purchase marketing items (coffee mugs, bags, stickers, etc.) used in promoting the importance of the Census for Saginaw County. The County also partnered with the Saginaw Community Foundation to communicate what completed censuses meant to the County in federal aid.
2. **Allocate additional resources to grant writing.** The County provides all its grant writing in house. We could benefit from identifying and employing a professional grant writer or create a Public Relations position who would be responsible in marketing the county and assisting departments in securing additional grant dollars. The FY 2023 General Fund Budget

includes a new Social Media Coordinator position that would market the County via social media, inform residents of programs and services and assist departments in securing additional grant funding.

3. **Explore revenue-generating services related to the internet, Harry Browne Airport, toll roads, bridges, office space, vacant properties, and the County jail.** The Sheriff's Department rents beds to the US Marshall Service generating \$613,000, which is used to support Law Enforcement services and the PLUS Home Surveillance services. Information Technology is constructing an "off-site" backup center at SCACC, which the County intends to rent digital space to other municipalities. Harry Browne Airport rents land and hangars to private airplane owners and sells gasoline to pilots.

The County should consider developing the former bank property at Michigan Avenue and Cass Street into a restaurant/coffee shop which could be leased. Many employees and visitors to the Courthouse & Governmental Center would be customers of this new restaurant and/or coffee shop.

The Saginaw County Landbank sells its tax reverted properties to interested buyers. The Landbank also assembles property for economic development projects.

The County, through the Saginaw County Economic Development Corporation, continues to market and develop the Great Lakes Tech Park at M46 & M52, which currently is home to Fullerton Tools and Saginaw Controls & Engineering.

4. **Evaluate fees and service charges.** The County as part of its annual budget process requests Elected Officials and Department Heads to review the County's Fee Schedule and recommend adjustments to ensure fees cover the cost of providing services.
5. **Implement Saginaw County marketing plan in collaboration with Saginaw Future, Inc.** Saginaw Future, Inc. continues to market available land for future development. Saginaw Future also assists existing businesses with expansion needs. The County also partners with Saginaw County CVB and the Chamber of Commerce to market the county as a safe place to work, live and visit. The FY 2023 General Fund budget includes a new position entitled, Social Media Coordinator to enhance the use of social media in communicating with our residents, businesses, and visitors. With the absence of a daily newspaper, I believe it is imperative for the County to ensure our residents and businesses are aware of our programs, services, projects, and successes.
6. **Stimulate business growth through incentives and investment-friendly policies.** The County has adopted policy #254, "Economic Development Commercial Rehabilitation Act (CRA)", to incentivize investment in economically distressed properties eliminating blight and creating jobs through commercial investment. The Board of Commissioners recently approved a CRA project in the village of Merrill.

The County currently has 14 Downtown Development Authorities, 38 Industrial Facilities Taxing districts, and 1 Brownfield Redevelopment Plan with tax capture, which allows capture of investments to encourage cities, townships, and villages opportunities to make infrastructure investments and to reimburse developers for eligible development costs.

The County, through its Treasurer, has approved the Property Assessed Clean Energy (PACE) program, which "is a financing tool that encourages energy efficiency, water efficiency and renewable energy measures for commercial, industrial, and multi-family, non-profit, and faith-based property owners." In 2021, the County approved a PACE Project in Saginaw Township Niche Poplar apartments at 4444 S. State Street. The property owners invested \$800,000 in high efficiency upgrades including, but not limited to, windows, boilers, hot water system. The project has a 24-year assessment to repay the investment.

7. **Enable Long-term County Vision and strategic plan.** The Board of Commissioners conducted a strategic planning session in March 2019 to develop its Board *Priorities* of Quality of Living, Accessible Services, and Revenue & Cost Control Efficiency. The County's vision...The County of Saginaw envisions a diverse community that empowers all people to celebrate life with pride along with the Board's *Priorities*, Goals and Objectives guide our investment in programs, services, and projects. This Vision and Board *Priorities* will be used to guide the Board of Commissioners in its allocation of the American Rescue Plan Act of 2021 investments.

#### **EXPENDITURE GOAL:** Assess current expenditures to minimize costs while achieving quality, timely outcomes

1. **Increase and fill key staff positions and implement alternative organizational structures across the County.** Countywide elected officials, department heads and personnel department work collaboratively to ensure adequate staffing, to evaluate restructuring opportunities and to deploy alternative staffing options (i.e. use of temporary employees). The Board of Commissioners should continue to discuss staff reassessment and realignment to ensure recent implementation of technology is leveraged when evaluating annual staffing requests.
2. **Reorganize staff and compensation structures in County departments to remain efficient and competitive.** The County implemented in 2017 and 2021 its Job Classification & Total Compensation Study results, which is aligning its compensation to

market value. Even considering these efforts, the County remains challenged in attracting and retaining fulltime, parttime and seasonal employees. Market wages have grown rapidly and, to some extent, to unsustainable levels.

3. **Leverage Contract Service Providers when necessary.** The Health Department has partnered with CMU School of Medicine to contract for nurses and continue to provide an increase in services. Additionally, the County Health Department has received a grant from the State of Michigan for Health Resource Advocates, which are contracted employees. The County also contracts with retirees to assist with transitions, training, and increase in services. The County uses contract employees in its Medical Examiner's Office to provide the statutory services required.
4. **Utilize partnerships and collaborations to achieve cost efficiencies.** The County excels in partnerships and collaborations. For example, the County recently partnered with the YMCA of Saginaw to provide enhanced services to area veterans. Commission on Aging has expanded its Foster Grandparents Program to Midland and Bay Counties to grow the program of providing grandparents in schools. The County has a partnership with CMU School of Medicine to provide a Medical Officer at the Health Department, which allows us to attract a more talented physician and increase the level of services provided.

### **Budget Process**

The Fiscal Year 2023 Budget Process began when the Board of Commissioners, at its March 22, 2022 Regular Board Session, adopted the *Fiscal Year 2023 Budget Calendar*.

We made necessary changes to ensure revenues and expenditures reflect either historical trends or "Department Requested" amounts. Information Technologies (IT) charges and the Cost Allocation Plan have not been finalized. The Fiscal Year 2023 Budget incorporates estimated charges for IT and Cost Allocation services at a 12% and 5% increase: respectively.

### **Capital Budget**

The proposed FY 2023 Capital Budget totals \$6,932,212, which represents a decrease of \$8,879,602 from the Board approved FY 2022 Capital Budget. Departments were requested to submit not only the proposed FY 2023 Capital Improvement requests but also to update the 5 Year Capital Improvement Plan so the County can continue to monitor the needs of our departments and continue to invest in its properties and buildings.

The 5 Year Capital Improvement Budget total cost estimate is \$17,407,395 with the largest requests from Harry W. Browne Airport for reconstruction of taxiways and Information Technology for hardware updates and replacements.

### **Staffing**

The FY 2023 Budget (**Resolution B**) establishes Authorized Personnel at 588.10 fulltime, part-time, and seasonal positions, which represents a reduction of 0.75 position from the FY 2022 authorized personnel compliment. See proposed Staffing Changes in **Attachment #3**.

Two (2) of the sixteen (16) Collective Bargaining Agreements are scheduled to expire September 30, 2022. Jennifer Broadfoot, Personnel Director, and Dave Gilbert, Labor Specialist, will be commencing negotiations with the effected unions to secure successor collective bargaining agreements. The FY 2023 budget will need to be amended to reflect any changes in wages and/or benefits negotiated as part of this process

Attached herewith and incorporated into the FY 2023 budget are four (4) resolutions (A-D), which are to be adopted by you at your September 27, 2022 Board of Commissioner meeting.

- **Resolution A** sets forth the annual budget appropriations for all departments and restrictions for the use of those appropriations.
- **Resolution B** sets certain wages not already contained in approved collective bargaining agreements. The list of Authorized Personnel only represents Controller Recommended position additions and deletions.
- **Resolution C** identifies Capital items for your consideration and approval for Fiscal Year 2023.
- **Resolution D** sets fees for all departments. Highlighted fees reflect proposed adjustments to current fees for your consideration and approval.



**Attachment #4** includes a summary of outstanding County debt as of September 30, 2022. I share this information with you so you remain aware of the commitments the County has made over the years and are required to repay with principal & interest payments incorporated into the FY 2023 budget where revenues are coming from a specific fund (i.e. Animal Control, IT).

### **Challenges/Opportunities**

The County is facing several major challenges and/or opportunities. These challenges and/or opportunities are:

- 1) Inflation.** The FY 2023 budget reflects increase costs in gasoline, natural gas, and electricity. Gasoline is averaging \$4.613 in Michigan and around \$4.41 in Saginaw. Departments did their best in budgeting for future increases. Natural gas prices have doubled. The County had a four-year contract with Constellation NewEnergy. Our contract price was \$2.770 per MCF (1000 cubic feet). This contract expired in March 2022. Our April pricing was \$6.896 MCF. Constellation has provided the County with pricing projections of \$8.71-\$9.00 per MCF for June 2022 through December 2022. Kelly Suppes, Purchasing/Risk Manager and Anthony DePelsMaeker, Director of Maintenance, have secured a new four-year agreement with two years at 100 percent gas usage at \$5.96 per MCF and two years at a blended rate of 50 percent gas load at \$5.96 and 50 percent at market rate. Electrical rates are increasing too. Mr. DePelsMaeker estimates electrical costs increasing 40 percent. Utilities and other purchases are impacted by inflation and supply chain issues. The annual inflation rate for the United States in the twelve months ending April 2022 is 8.3%.
- 2) Employee Attraction & Retention.** The local labor market is under severe strain due to the demand for workers. Saginaw County continues to struggle with attracting and retaining employees for certain jobs. Jennifer Broadfoot states, "Depending on the position we continue to face some challenges. The labor market remains extremely competitive. Our temporary staffing agencies also continue to be challenged in filling vacancies for us and for other employers. Barriers to re-entry into the workforce still exist for some employees, including issues with childcare and other family concerns."

The Job Classification & Compensation Study has assisted, in part, by providing competitive wages. However, with a tight labor market we have seen unprecedented wages being offered. The County cannot compete with these wages. The County will need to develop professional marketing tools to attract quality candidates to fill vacant positions. These marketing materials will aid us in communicating the benefits of joining our team. We have great employees, who are dedicated to our mission and vision. We just need to ensure prospective applicants can identify with our mission and vision. The Health Department has received a grant to assist in attracting nurses. We are scheduled to meet with Chris Harrington to discuss new methods of advertising and attracting employees.

The County also continues to review its policies to ensure greater flexibility and empowerment of department heads to meet their workforce needs. This area of flexibility and empowerment is something we need to stay current on. The Personnel Department recently investigated using education to equate to experience requirements. We plan to share this new approach with department heads and the Labor Relations Committee for their consideration of formal adoption.

An excerpt I previously read from *The Ordinary Leader*, states "It is easy for an organization to blame bad hiring experiences on a shortage of talented people to draw from. In recent years, commentary has increased around the notion that talent is in short supply. I have always had a cynical view of this belief. I don't think there is as much talent shortage as some would have us believe. I have come to understand that this issue is not so much a talent shortage as it is a shortage of great places to work. Talented employees have choices, and all things considered, they will choose an organization that is great to work for over a lot of other benefits, sometimes including higher pay. People want to work in organizations that are healthy, innovative, and inspiring. An employee who took part in our survey noted it this way: "with my qualifications and education, I could be making more money, but I stay here because I am valued, I enjoy the work, and I love the people I work with." Talented individuals seek out great organizations – they won't settle for less, and they don't have to."

The County Board of Commissioners created an Employee Wellness Committee to offer insight on how to improve our culture. I fully intent to re-engage this committee of county employees to build effective capacity in identifying ways of encouraging a healthy, innovative, and inspiring organization.

- 3) **Staffing Alignment.** I firmly believe the County is not only facing a challenge with sufficient staffing level, but a challenge in the proper alignment of staff. There are departments that may have more staff than may be necessary because of enhanced technology or process improvements. There are other departments that need more staffing because of the increase in workload demands. I believe the Board of Commissioners should encourage the undertaking of a staffing study to ensure the deployment of our most valued assets – employees are aligned with the public’s demand for services.
- 4) **Michigan New Model for Jail Reform** the Board of Commissioners should remain current on proposed Jail Reforms, and more importantly the impact these reforms may have on our local justice system. Some of the proposed reforms include (1) eliminate driver’s license suspension as a penalty for offenses unrelated to dangerous driving; (2) decriminalize misdemeanors; (3) increase the use of arrest alternatives (i.e. use of summons, tickets); (4) create a presumption of non-jail sentencing for misdemeanors; and (5) improve probation.
- 5) **Raise the Age.** The Family Court & Juvenile Detention are in the initial phase of assessing what fiscal and programmatic challenges “Raise the Age” will have on its operations. The County received a \$600,000 grant to help offset some of the costs directly associated with housing 17-year-olds as juvenile. The Board of Commissioners approved, at its October 19, 2021 regular session, to hire four additional Youth Care Specialist in the Juvenile Detention. Originally, we believed the costs of these four additional staff would be covered by the \$600,000 grant; however, the state Department of Health & Human Services reimburses for actual time spent supervising 17-year-old juveniles. Therefore, the salary/wages and fringe benefits of the four (4) new Youth Care Specialists will be reimbursed on an actual time basis. The \$600,000 grant is to cover other costs associated with housing 17-year-olds.

Attached herewith is **your** Fiscal Year 2023 budget for all County departments. **The budget is a plan.** A plan to guide how the County proposes to effectively use limited resources taxpayers and granting agencies have entrusted to us. A plan to effectuate your Vision, Mission, Values and Priorities, adopted in 2019. I look forward to presenting this FY 2023 County Budget to you at our June 27, 2022 Committee of the Whole meeting.

Sincerely,



Robert V. Belleman  
Controller/CAO

Attachments