

**MINUTES OF THE
BUDGET COMMITTEE
FRIDAY, JUNE 23, 2006**

At a meeting of the **Budget Committee**, held Friday, June 23, 2006, in the Board Room, on the 9th Floor of the Administration Building, Mt. Clemens, the following members were present:

Crouchman-Chairman, Brandenburg, Brdak, Brown, Camphous-Peterson, DeSaele, DiMaria, Doherty, Duzyj, Flynn, Gielegem, Haggerty, Lund, McCarthy, Mijac, Rengert, Revoir, Rocca, Sauger, Slinde, Switalski, Szczepanski, Vosburg and White.

Absent and excused were Hill and Kennard.

Also Present:

David Diegel, Director, Finance Department
John Foster, Assistant Director, Finance Department
George Brumbaugh, Director, Corporation Counsel
Frank Krycia, Assistant Corporation Counsel
James Meyerand, Assistant Corporation Counsel
John Anderson, Director, Risk Management and Safety Department
Ted Cwiek, Director, Human Resources Department
Eric Herppich, Division Director, Labor Relations, Human Resources Department
Doug Fouty, Program Director, Personnel Services, Human Resources Department
Sheriff Mark Hackel
Undersheriff Kent Lagerquist
Rhonda Deriemaecker, Director of Board Services
Phil Frame, Director, Office of Public Affairs
Josephine Savalle-Dunn, Administrator, Martha T. Berry
Gary Caloia, Martha T. Berry
Cynthia Zerkowski, Director, Information Technology Department
Steve Mellen, Director, Equalization Department
Stephen Cassin, Executive Director, Planning and Economic Development Dept.
Frank Taylor, Director, Macomb County Community Services Agency
Angela Willis, Director, Senior Citizen Services Department
Richard Weaver, Director, Veterans' Services Department
Steve Neavling, Reporter, The Detroit Free Press

There being a quorum of the committee present, Chairman Crouchman called the meeting to order at 9 a.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

AGENDA

Commissioner Szczepanski asked to amend the agenda to remove allocating an additional operating millage. Chairman Crouchman stated that should not have been on this agenda. The committee will only discuss proposed cuts on today's agenda. He informed Commissioners that if they had any other additional cuts they wanted to present, they would be on next month's agenda.

Commissioner Vosburg requested a resolution for a 50th Wedding Anniversary.

MOTION

A motion was made by White, supported by Brandenburg, to adopt the agenda, as amended. **The Motion Carried.**

PUBLIC PARTICIPATION

Donna Cangemi, President, AFSCME Local 411

Ms. Cangemi expressed concern about the Martha T. Berry (MTB) proposed cost reduction recommendation; specifically, the wage and benefit package. She asked that Commissioners consider the care of the residents at MTB before voting. As a taxpayer, she would gladly pay \$28 for County services.

Charles Bohm, Supervisor, Ray Township

Mr. Bohm urged the Board to look carefully at cutting Sheriff services to the four northern townships, especially Ray Township. They have neither the monetary resources nor the population to support the expensive cost of police services.

William Franchy, 20271 Millville Drive, Macomb Township

Mr. Franchy thought the Board should show some true leadership and increase the property tax by .37 mills, along with some cuts in spending.

Genafer Hintz, 52 Englewood, Mount Clemens

Ms. Hintz spoke on behalf of the Disability Network-Oakland/Macomb. She urged the Board to make sure the County Library stays up and running, because they have a vital program for people with physical disabilities and those who have visual impairments. As a taxpayer, she would gladly write a check for \$28 to maintain County services.

Marcella Slappy-Thrash, 35912 Vaughn, Clinton Township

Ms. Slappy-Thrash felt the Board should consider every idea on the floor, because the

County's budget could be balanced without a tax increase.

James Senstock, 31698 San Juan, Harrison Township

Mr. Senstock is the past Supervisor of Harrison Township. He expressed concern about the .37 mills that would apply to every business, residence, and apartment building. He felt that before Commissioners start looking at raising taxes, they should make necessary budget cuts. He expressed concern about the foreclosure rate in Macomb County. He felt department heads should be asked to make further cuts.

Don Lobsinger, 26900 Taylor, St. Clair Shores

Mr. Lobsinger spoke against the Department of the Ombudsman and urged Commissioners to cut that office out of the budget. He felt that instead of cutting police services, that the Board should find money to help the Sheriff police the southern portion of Macomb County.

Suzanne Dimitri, 37512 Jefferson Avenue, Harrison Township.

Ms. Dimitri is an account manager for an energy savings company. She spoke about two methods to control and lower energy costs. The device would pay for itself within two years. She hoped the Board would be willing to discuss her energy saving proposal in the near future.

Jack Doerr, St. Clair Shores

Mr. Doerr felt if the millage had to be raised, it should only be raised enough to cover the deficit amount. He felt the Board needed to make across-the-board cuts.

**RECOMMEND IMPLEMENTATION OF VARIOUS BUDGET CHANGES AS OUTLINED
IN CORRESPONDENCE FROM FINANCE DIRECTOR**

Mr. Diegel overviewed his five-page letter dated June 16, 2006, that had attached to it Exhibit I, Summary of 2006 Budget Reductions. He reiterated that the auditors have confirmed that the County ran a \$9 million deficit for 2005. He believed the best the Board can hope for this year is a repeat of the \$9 million loss the County experienced in 2005.

Contained within Mr. Diegel's letter was a breakdown of his cost reduction/revenue enhancement recommendations.

COMMITTEE RECOMMENDATION - MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT ALL 10 COST REDUCTION RECOMMENDATIONS AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006. COST REDUCTIONS: HIRING

FREEZE - \$2,000,000; ELIMINATE VETERANS AFFAIR DIRECTOR POSITION - \$85,000; MAINTAIN OMBUDSMAN POSITION VACANCY - \$120,000; TRAINING & CONFERENCE EXPENSE - \$380,000; TRANSFER 2006 LIQUOR TAX PAYMENT TO GENERAL FUND - \$1,900,000; MARTHA T. BERRY – REDUCE COUNTY SUBSIDY TO 2005 LEVEL – A REDUCTION OF \$3,327,000; SHERIFF – ROAD PATROL SERVICES - \$1,200,000; FEE STUDY - \$500,000; DISTRICT COURT FEES - \$200,000; 42ND DISTRICT COURT/NEW BALTIMORE – COURT FEES - \$100,000. TOTAL: \$9,812,000.

Commissioner Mijac felt these reductions were unfortunate, but very necessary in the short and long-term financial stability of the County.

MOTION

A motion was made by Lund, supported by DeSaele, to separate these items, so they can be discussed separately and voted on separately. **The Motion Carried.**

Hiring Freeze - \$2,000,000

A lengthy discussion ensued with Mr. Diegel about this proposed cost reduction. Mr. Diegel thought exceptions are going to be necessary, but in those cases they will be brought to the Board for consideration.

Commissioner Lund thought the Board needed to define when this hiring freeze would end.

Chairman Crouchman called for a vote on the motion and **THE MOTION CARRIED.**

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT THE COST REDUCTION RECOMMENDATION AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006 PERTAINING TO HIRING FREEZE - \$2,000,000. **THE MOTION CARRIED.**

Eliminate Veterans Affairs Director Position - \$85,000

AMENDMENT

A MOTION WAS MADE BY DUZYJ, SUPPORTED BY SLINDE, TO ADD THE FOLLOWING LANGUAGE TO THE MOTION: “UPON RETIREMENT OF THE CURRENT DIRECTOR.” **THE MOTION CARRIED.**

A lengthy discussion ensued with Mr. Cwiek, Mr. Diegel, Mr. Taylor, and Mr. Weaver about

this proposed cost reduction.

Several Commissioners expressed concern that veterans' services will be greatly affected if there is no director position. They expressed concern for the soldiers returning from Iraq and elsewhere, and even those veterans be it of past, current and future wars, who will need these services. It was noted that there is no assistant director at the Veterans' Services Department.

Mr. Weaver stated that he did not plan to leave right away. He thought that Veterans' Services should come under MCCSA, but believed there should be a director at Veterans' Services. He felt it was very important to have a director who is a veteran.

Commissioner DeSaele requested more information before the Full Board on how this department will operate. Mr. Diegel said he would provide that information.

MOTION

A motion was made by Brandenburg, supported by Brown, to **postpone** this agenda item until the next Budget Committee meeting. **The Motion was Defeated.**

Commissioner Slinde suggested that upon Mr. Weaver's retirement, if the Board finds that some help is needed, that a part-time position be looked into. Mr. Diegel said that was possible.

A ROLL CALL VOTE WAS TAKEN ON THE **MAIN MOTION, AS AMENDED, AS FOLLOWS:**

VOTING YES WERE CROUCHMAN, DOHERTY, DUZYJ, FLYNN, GIELEGHEM, HAGGERTY, LUND, MIJAC, RENGERT, ROCCA, SZCZEPANSKI, VOSBURG AND WHITE. THERE WERE 13 "YES" VOTES.

VOTING NO WERE BRANDENBURG, BRDAK, BROWN, CAMPHOUS-PETERSON, DeSAELE, DiMARIA, McCARTHY, REVOIR, SAUGER, SLINDE AND SWITALSKI. THERE WERE 11 "NO" VOTES.

THE MOTION CARRIED.

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT THE COST REDUCTION RECOMMENDATION AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006 PERTAINING TO ELIMINATE

VETERANS AFFAIR DIRECTOR POSITION, UPON RETIREMENT OF THE CURRENT DIRECTOR - \$85,000. **THE MOTION CARRIED.**

Committee took a recess from 10:45 a.m. to 10:55 a.m.

MOTION

A motion was made by Lund, supported by Brandenburg, to move the Sheriff's item up on the agenda. **The Motion Carried.**

Sheriff - Road Patrol Services - \$1,200,000

(Commissioner Flynn originally stated that she wanted to make a motion to amend this to say that the Board should give the townships six months to prepare for the request that the Board is requesting. It was supported by Commissioner Sauger. Later, during discussion on this proposed cost reduction, Mr. Krycia clarified why it should be a substitute motion.)

The **substitute motion** reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY FLYNN, SUPPORTED BY SAUGER, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO GIVE THE FOUR NORTHERN TOWNSHIPS OF BRUCE, ARMADA, RAY AND RICHMOND A PERIOD OF SIX MONTHS TO PREPARE FOR THE REQUEST THAT THE BOARD IS REQUESTING.

A **friendly amendment** by Commissioner Lund was accepted as follows: "To enter into negotiations with the four townships for a period of six months. This would give the four townships six months to negotiate to save the road patrols."

A **friendly amendment** by Commissioner Doherty was accepted as follows: "To authorize the Chair of the Board, Chair of the Budget Committee, Chair of the Justice and Public Safety Committee and Sheriff Hackel to enter into negotiations with the four townships of Bruce, Armada, Ray and Richmond for proposals for contracting for road patrol. This time period shall not exceed six months."

Commissioner Rengert felt that Sheriff Hackel should come forward with a recommendation. He recalled that already 60% of the Road Patrol Services was cut for that area on January 1st.

Commissioner Sauger felt that these four townships, in some way, need to kick in out of their budgets to help out with some police protection.

Commissioner Brown expressed concern that one community only has a population of 5,000 people; it is not like the big cities in the South end. There is not adequate resources

up there as it is.

Commissioner Brown asked for a point of clarification. When negotiations are completed, if the proposal will be brought back before the Board of Commissioners for an up or down vote. Chairman Crouchman replied, certainly.

Commissioner DiMaria inquired if the Sheriff could come up with different ways to save the \$1.2 million. Mr. Diegel replied, sure he could.

Sheriff Hackel stated that at no time did he have any agreement to say that they would fire his deputies because of the budgetary issues. What he is talking about, is an opportunity to give the North end some time to figure out what they are going to do. He recalled Harrison Township is a chartered township. He further recalled that Armada, Richmond, Bruce and Ray Townships are not general law townships. There is no obligation for them to have policing service, but there is constitutionally an obligation for the Sheriff to provide emergency services, basic services. He overviewed the duties and function of these nine officers that are dedicated to the North end.

He did not like the idea of a time limit, because they did not give a time limit to Harrison Township. There was a lot of debate, discussion, dialogue and finally getting to a point which lasted about three or four years.

He informed Commissioners, if there is at some point in time, a sunset, he would like to be given an opportunity to look internally within his department, whether it is Dispatch positions, Corrections positions, Deputy positions that are through attrition, rather than telling somebody they are fired.

After further discussion, the following action was taken:

AMENDMENT

A MOTION WAS MADE BY SLINDE, SUPPORTED BY McCARTHY, TO ADD THE FOLLOWING LANGUAGE TO THE SUBSTITUTE MOTION: "IN THE EVENT THAT THERE IS ANY DECREASE IN ROAD PATROL TO THE FOUR NORTHERN TOWNSHIPS, IT WOULD BE BY ATTRITION."

Committee took a recess from 11:33 a.m. to 11:50 a.m.

Commissioner DiMaria expressed concern that the attrition process could take four or five years for nine people to retire to balance the nine. He thought the decision of what to do with those deputies would be best left with the Sheriff.

Chairman Crouchman called for a vote on the **Amendment** and **THE MOTION CARRIED.**

Commissioner Rengert spoke about the difference between one of 27 municipalities in the

County (which is Richmond Township) that has no banks, no parks, no beach, no hospital, no parades, no festivals, no party stores, no school buildings, no fire department, no strip malls, no gas stations, no golf courses, and there is about 15 miles of paved road. The income as far as the taxation for this community is very minimal. He did not think six months was long enough, because the four communities differ in size.

Supervisor Bohm stated that they do not have the resources to hire the Sheriff for any additional services. They have a \$600,000 budget in Ray Township. They have been told by the Sheriff that it is \$125,000 in order to contract for a car. He felt the six months -- to come with the same message is not going to help them.

After a brief discussion, Mr. Krycia explained why Commissioner Flynn's amendment should be a substitute motion.

Chairman Crouchman called for a vote on the **substitute motion, as amended**, and **THE MOTION CARRIED.**

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY FLYNN, SUPPORTED BY SAUGER, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE THE CHAIR OF THE BOARD, CHAIR OF THE BUDGET COMMITTEE, CHAIR OF THE JUSTICE AND PUBLIC SAFETY COMMITTEE AND SHERIFF HACKEL TO ENTER INTO NEGOTIATIONS WITH THE FOUR TOWNSHIPS OF BRUCE, ARMADA, RAY AND RICHMOND FOR PROPOSALS FOR CONTRACTING FOR ROAD PATROL. THIS TIME PERIOD SHALL NOT EXCEED SIX MONTHS. FURTHER, IN THE EVENT THAT THERE IS ANY DECREASE IN ROAD PATROL TO THE FOUR NORTHERN TOWNSHIPS, IT WOULD BE BY ATTRITION. **THE MOTION CARRIED.**

MOTION

A motion was made by Sauger, supported by Haggerty, to change the order of the agenda and move up Martha T. Berry. **The Motion Carried.**

Martha T. Berry - Reduce County Subsidy to 2005 Level – a reduction of \$3,327,000

A lengthy discussion ensued with Ms. Savalle-Dunn, Mr. Caloia, and Mr. Diegel about this proposed cost reduction. Further discussion ensued pertaining to getting the MTB census back up, how the same service can be provided with this proposed cost reduction, what kind of revenue would be generated if all beds were filled, how they plan to maintain competitive rates with competitive benefits, and what will happen if the Provider Tax does not get approved.

Commissioner DiMaria spoke about the quality of care that is given to the people who are

in MTB and the fact that in order to achieve that you have to pay the worker a good wage and a good benefit. He expressed concern that the cost of operating MTB went up, when a bigger and better facility was built. He has not heard that the heating, electric, or water costs are up, or that the price of beds, bed sheets, mattresses, cotton balls, and so forth have gone up. He felt those areas need to be looked at. He asked Ms. Savalle-Dunn to come back with tangible recommendations. He felt that Mr. Caloia needed to reconsider his previous comments that he made about the employees' wages and benefits.

Chairman Crouchman called for a vote on the motion and **THE MOTION CARRIED.**

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT THE COST REDUCTION RECOMMENDATION AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006 PERTAINING TO MARTHA T. BERRY – REDUCE COUNTY SUBSIDY TO 2005 LEVEL – A REDUCTION OF \$3,327,000. IT WILL BE NECESSARY FOR THE ADMINISTRATION AT MARTHA T. BERRY TO RECOMMEND FURTHER COST SAVINGS TO EFFECT THE REDUCTION IN THE COUNTY SUBSIDY TO 2005 LEVELS. **THE MOTION CARRIED.**

Maintain Ombudsman Position Vacancy - \$120,000

There was no discussion.

Chairman Crouchman called for a vote on the motion and **THE MOTION CARRIED.**

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT THE COST REDUCTION RECOMMENDATION AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006 PERTAINING TO THE OMBUDSMAN POSITION VACANCY - \$120,000. **THE MOTION CARRIED.**

Training and Conference Expense - \$380,000

Mr. Diegel stated this would be similar to the hiring freeze. There will be instances where there is certification training or travel that will have to come back to the Board on an individual basis. If this cost reduction is approved, a letter will be sent out to department heads.

Commissioner Doherty inquired if this included the Board of Commissioners (BOC) and staff. Mr. Diegel stated that it did, because BOC travel is directly supported by the General Fund.

Commissioner Lund did not want people to lose certification or licensing. He felt this could only be for a short term.

Commissioner DiMaria inquired if in-house training for the Juvenile Justice Center was included in this cost reduction. Mr. Diegel thought it was a different line item. He would let Commissioners know that information by Full Board.

Chairman Crouchman called for a vote on the motion and **THE MOTION CARRIED.**

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT THE COST REDUCTION RECOMMENDATION AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006 PERTAINING TO TRAINING & CONFERENCE EXPENSE - \$380,000. **THE MOTION CARRIED.**

Transfer 2006 Liquor Tax Payment to General Fund - \$1,900,000

A brief discussion ensued with Mr. Diegel about elevator issues at the Court building.

Chairman Crouchman called for a vote on the motion and **THE MOTION CARRIED.**

The committee recommendation that was forwarded to the Full Board reads as follows:

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY MIJAC, SUPPORTED BY SZCZEPANSKI, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS AUTHORIZE TO IMPLEMENT THE COST REDUCTION RECOMMENDATION AS OUTLINED IN THE CORRESPONDENCE FROM THE FINANCE DIRECTOR DATED JUNE 16, 2006 PERTAINING TO TRANSFER 2006 LIQUOR TAX PAYMENT TO GENERAL FUND - \$1,900,000. **THE MOTION CARRIED.**

Commissioner Lund had a point of order. He believed the final three issues listed did not require any action from the Board. The Board already approved the Fee Study to go out for a RFP and the other two are actions that Budget Committee Chairman Crouchman negotiated quite well with the two judges.

Commissioner McCarthy suggested that all County departments be analyzed to see where fees could be increased and so forth.

After a brief discussion, the following action was taken:

MOTION

A motion was made by Vosburg, supported by Switalski, to receive and file the last three recommendations as outlined in the correspondence from the Finance Director dated June 16, 2006; Fee Study - \$500,000, District Court Fees - \$200,000, and 42nd District Court/New Baltimore - Court Fees - \$100,000. **The Motion Carried.**

ADOPTION OF RESOLUTION

COMMITTEE RECOMMENDATION – MOTION

A MOTION WAS MADE BY VOSBURG, SUPPORTED BY McCARTHY, TO RECOMMEND THAT THE BOARD OF COMMISSIONERS ADOPT A RESOLUTION FOR LEO AND VIRGINIA FURTON – 50TH WEDDING ANNIVERSARY (**OFFERED BY VOSBURG**). **THE MOTION CARRIED.**

NEW BUSINESS

Commissioner Szczepanski asked for a future agenda item to discuss the elimination of the 70-Point Plan for the non-union employees that are new hires at a point certain.

Commissioner Brown inquired if \$5.5 million was cut from the Budget from today's action. Mr. Diegel thought in total it was about \$9.8 million.

Commissioner Brandenburg expressed concern that the Board has not addressed the Living Wage Policy; it is going to be an additional \$7 million.

PUBLIC PARTICIPATION

Jim Senstock, 31698 San Juan, Harrison Township

Mr. Senstock did not think Commissioners cut anything from the Sheriff's patrol. He reiterated that people are not going to go for any kind of tax increase.

Donna Cangemi, Sterling Heights

Ms. Cangemi was disappointed that the cuts at MTB were approved; these are some of the lowest paid employees in the County. She hoped when the Director of MTB comes back with her cuts, that they do not include cuts in those employees' salaries. She will not agree to a different wage structure or different benefits for them. These people cannot afford to have their salaries cut.

ADJOURNMENT

MOTION

A motion was made by Duzyj, supported by Revoir, to adjourn the meeting at 1 p.m. **The Motion Carried.**

Denise M. Jacks
Committee Reporter