STATE OF OTTAWA COUNTY 2013

PRESENTED BY COUNTY ADMINISTRATOR ALAN G. VANDERBERG TO THE OTTAWA COUNTY BOARD OF COMMISSIONERS FEBRUARY 26, 2013
Chair Holtrop, Vice-Chair Baumann, and members of the Board of Commissioners, I thank you for the opportunity to present the ninth annual State of the County address. I will reflect on Ottawa County’s accomplishments during the past year plus highlight new initiatives for 2013 and beyond.

Like many counties, our vision is to make Ottawa County the location of choice for living, working, and playing. What differentiates Ottawa from other places? Humility is part of our upbringing and culture in Ottawa County but I believe we truly are the first choice. And, I believe that as County government, we offer our residents, visitors, customers, and employees excellent, cost-effective services because of our commitment to four overarching goals:

1) MAINTAIN AND IMPROVE THE STRONG FINANCIAL POSITION OF THE COUNTY
2) MAINTAIN AND ENHANCE COMMUNICATION WITH CITIZENS, EMPLOYEES, AND OTHER STAKEHOLDERS
3) CONTRIBUTE TO A HEALTHY PHYSICAL, ECONOMIC, AND COMMUNITY ENVIRONMENT
4) CONTINUALLY IMPROVE THE COUNTY’S ORGANIZATION AND SERVICES

The first goal, MAINTAIN AND IMPROVE THE STRONG FINANCIAL POSITION OF THE COUNTY, is critically important. Residents trust Ottawa County government to use tax dollars wisely. We are honored to stand on the shoulders of wise and prudent Boards and Administrations. Thanks to their foresight, we made the difficult trek through the Great Recession. It is now our responsibility to leave a legacy that will allow future generations of County leaders to stand tall on our shoulders.

The County continued the decades-long trend of financial management excellence in 2013:

- The general property tax levy stands at 3.6 mills, the 5th lowest among 83 counties in the state. The Board takes $6.3 million less in property taxes than allowed by the Headlee cap.
- Ottawa County has the lowest debt to debt capacity ratio in the state.
- Other Post Employment Benefit (OPEB) expense is very low compared to other county and city governments at $793,596.
- The Financing Tools including the Solid Waste Clean-up Fund, Infrastructure Fund, Public Improvement Fund, Stabilization Fund, Delinquent Tax Revolving Fund, and Equipment Replacement Fund, save taxpayers $7 million per year, or the equivalent of .7477 mills.
• Careful cost allocation programs charge $1.1 million in overhead expense appropriately to state and federal grants.

• Ottawa County is one of four Michigan counties to hold at least one triple A credit rating and one of only three Michigan counties to hold more than one triple A credit rating. Top scores allow local units of government to borrow money for capital improvement projects with lower interest rates ultimately saving taxpayer dollars.

• A new defined contribution retirement system was implemented for the new hires of more than half of the County pension groups in 2012 with implementation for the rest anticipated in 2013. This change will save county taxpayers a net estimated $30 million after 30 years.

• Major strides were made in 2012 with implementation of the health management plan, attacking future health expenses.

Financial outlook for 2013:

• Property tax value, budgeted at a zero increase for 2013, is expected to show an increase by year end for the first time since 2009. Residential value comprises 70% of the County tax base. During 2012 there was a 57% increase in single family home construction as well as increases in multi-family, commercial, and industrial construction.

• The elimination of the industrial personal property tax will likely reduce this revenue stream by 15-20% in the future. The County will be involved with evaluating the estimated 15 bills that will be introduced in March to “fix” this legislation which was adopted in lame duck session late last year.

• On the expenditure side of the equation, the 2014 cost of the employee healthcare benefit will be our largest concern.

• We continue to enjoy the top credit ratings of FitchRatings and Moodys Ratings and will pursue the top rating of Standard & Poors.

The County Documents, Dollars and Sense: How Ottawa County Spends Your Money and Budget In Brief are posted at miOttawa.org. Together, they offer translation and transparency for unraveling complex County finances.

Our second goal is to **Maintain and Enhance Communication with Citizens, Employees, and Other Stakeholders.**

The fourth in a series of biennial citizen surveys took place in 2012. Conducted by EPIC – MRA, the questionnaire sought public opinion on government goals, handling of finances, perception of tax burden, as well as many other customer satisfaction sentiments.
Residents reported optimism regarding jobs and the economy compared to 2008 and 2010.
A majority gave Ottawa County a positive rating, agreeing that operations and priorities are headed in the right direction.
Just over half were supportive of a property tax millage increase for roads.

The County’s hub of communication, miOttawa.org, underwent a complete overall designed to improve the customer experience. Last year the site processed over $850,000 in payments and we will continue adding convenient, efficient online services.

Also online and available to residents is the annually updated Ottawa County dashboard. Of the 15 metrics, ten showed an improvement in performance over the previous year, one remained unchanged and four showed a decline in performance. The dashboard shows:

- The annual unemployment rate decreased from 8.3% to 6.6%
- Real personal income per capita increased from $25,462 to $25,858
- The percent of children living in poverty decreased from 13% to 12%
- The percent of third graders reading at grade level increased from 74.1% to 75.2%
- The infant mortality rate increased from 4.9 deaths to 5.9 deaths per 1,000 births
- Violent crimes per 100,000 people decreased from 169.1 to 136.7
- Ottawa County’s bond rating from Moody’s remained at the highest possible rating of Aaa
- The County’s debt burden per capita decreased from $87 to $79

During 2013, we will work with each department, court, and agency to create web-based dashboards, clearly displaying their respective performance data.

The third goal is to **CONTRIBUTE TO A HEALTHY PHYSICAL, ECONOMIC, AND COMMUNITY ENVIRONMENT**.

A healthy community is reflective of not only rates of death and disease, but of health behaviors, clinical care, social and economic factors, and physical environment. Our health status, as compared with other counties in Michigan, is important to our citizens both for their personal health and for the sustainability of our community and economy. We are proud to share that Ottawa County again ranks as one of the healthiest counties in Michigan. The annual “Kids Count in Michigan” report ranked child well-being in Ottawa County highest in the state. And, the annual County Health Rankings placed Ottawa second in the state.
In 2012 the Ottawa County Community Health Needs Assessment was completed. The census-like study is used to determine the community’s health status and health service needs. The collaborative project was led by the Ottawa County Health Department and included North Ottawa Community Hospital, Holland Hospital, Spectrum Health-Zeeland, Ottawa County Community Mental Health, and the Greater Ottawa County United Way. In most health measures, Ottawa County is outperforming the state and nation. For example, adults enjoy high life expectancy, exhibit lower than average rates of chronic disease, and engage regularly in preventative practices and screenings. Children and youth tend to complete high school at higher rates, participate in fewer risk behaviors, and have high immunization rates. Although overall community health is good, there are significantly challenged subgroups within the county. Specifically, those with the lowest education and income tend to have the poorest health. The study did uncover additional areas for improvement.

- While adult obesity here is lower than in Michigan, the percent of overweight adults is higher,
- Alcohol use, both heavy and binge drinking, is more prevalent in Ottawa County than in Michigan.
- Alzheimer’s disease is the 4th leading cause of death in Ottawa County and is higher than state and national rates.
- Our county ranks 80th in comparison to other counties in Michigan for unhealthy air quality days.
- Although the prevalence of and mortality from chronic disease is generally not higher, improved chronic disease care is needed, especially for those with diabetes.

Water quality remains an important component for maintaining a high quality of life in Ottawa County and in 2012, Ottawa County hosted its Seventh Annual Water Quality Forum. Perhaps the most impactful presentation was from the Institute for Water Research at Michigan State University. Their work verified that many areas within the county have experienced a diminishing supply of groundwater and poor water quality. The County is developing a partnership with local units of government, the agricultural community, business interests, and the State of Michigan to conduct a follow-up study. Other areas of the state are observing similar phenomena thus the study here will have far reaching implications.

Economically, Ottawa County was recently lauded by George Erickcek, Senior Analyst of the WE Upjohn Institute, who labeled the local job growth “truly one of a kind.” Ottawa County fared better than both the state and nation and Erickcek predicts this trend will continue. Further supporting the region’s economic health, the Holland-
Grand Haven Metropolitan Statistical Area ranked 19th out of the nearly 400 metro areas for job growth in 2012.

As part of the County’s continuing effort to expand high-speed wireless broadband access to underserved residents, a new cell tower was constructed last year in Robinson Township. This is the second such tower facilitated and constructed by the County; the first tower, constructed in 2009, is located at the County’s Fillmore Street Complex. AT&T and Verizon have already signed lease agreements with the County to co-locate broadband equipment at the new Robinson site which is located near the new M-231 Bypass. The co-location agreements provide a five-year payback on tower construction. Net proceeds from each tower are applied to new technology investment in the County. The projected net profit from the County’s two broadband towers is $650,000 over 20-years.

The final goal is to CONTINUALLY IMPROVE THE COUNTY’S ORGANIZATION AND SERVICES.

Ottawa County remains at the forefront among counties in Michigan, and nationally, in verifying the cost-effectiveness of its programs and services. This is largely attributed to strategic planning and outcome-based evaluation efforts of the Planning and Performance Improvement Department. While many other local governments have measures to assess organizational performance, very few are truly outcome-based. The performance outlines that were created for Ottawa County’s budgeting process are the first known to incorporate measures that quantify actual department outcomes.

As of December 31, 2012, evaluations completed by the department have saved tax dollars to the tune of $19.9 million as a result of recommendations that modified, privatized, or discontinued ineffective programs and services. Moreover, and to the credit of County employees as a whole, over $31.3 million in programming and services has been verified as cost-effective through the evaluation process.

The Planning and Performance Improvement Department continues to make improvements to the County’s Performance-Based Budgeting System. The system provides the Board of Commissioners with performance and efficiency data in order to make informed decisions about the allocation of financial resources throughout the County.

The County continued to work with various inter-governmental partners on a number of collaborative ventures over the past year and this work will quicken even more in 2013. While we are not the 800 pound gorilla trying to build an empire, we do have a
valuable administrative infrastructure. We are willing to work with any public, private, or non-profit partners on collaborative ventures that lower cost while maintaining or improving services.

During 2012 we:

- Initiated the Road Commission and Public Utilities Task Forces in the spirit of good governance to examine how best to organize these structures and to examine areas for improvement.
- Continued partnerships and discussions with local units of government relative to collaboration and cost sharing. Specific examples include a new preventive maintenance agreement for facilities with the City of Holland, the continued agreement for assessing services with the City of Grand Haven, and GIS and document imaging services for multiple local partners.
- Progressed with the newly formed Macatawa Area Coordinating Council Service Area Delivery Team to systematically document and expand examples of collaboration with the eleven member units of government.
- Completed an internal Information Technology Study that not only better positions the County to serve as business solution analysts to our organization, but to also further develop our infrastructure to be able to offer cloud services and other opportunities for or with local partners.
- Continued work with regional partners to determine the future of the West Michigan Strategic Alliance.

During 2013 and beyond the County will:

- Deploy a reverse purchasing module for enhanced buying power for all local units of government.
- Create of a new regional entity in the Community Mental Health system in conjunction with seven other counties to better manage and provide services.
- Involvement of County leaders in multiple efforts at the State level to evaluate and recommend improvements to organizations and systems promoting regionalism.
- Undertake a cost and infrastructure study alongside the City of Grand Haven, the Intermediate School District, and others to identify opportunities for improvement.
- Explore the development of a volunteer system utilizing the increasing number of Baby Boom generation retirees and youth looking for opportunities to gain
experience. This will also include a component of seeking youth participation on various County boards and commissions.

- Develop a collaborative effort between Ottawa County, Oakland County, and the Michigan State Police. The $1.5 million dollar grant, if approved, will expand data submissions to N-DEx, a national criminal justice information sharing system. This would enable Michigan's law enforcement agencies along with agencies from other states to participate and share accurate, timely, and useful information which would help solve criminal investigations quicker and more effectively. The project could result in $14 million in cost savings over the next 5 years for 600 law enforcement agencies in Michigan.

**FOUR C’s INITIATIVE**

Progress was made on the ambitious Four C’s Initiative launched by the Board of Commissioners in 2013. This bold plan seeks to raise the culture of our already outstanding County another notch in four critically important areas: customer service, cultural intelligence, continuous improvement, and communication. The Lakeshore Ethnic Diversity Alliance presented the business case for diversity in December. Another highlight was the Capogagli/Jackson Consulting work with 90 County leaders using the Disney philosophy for developing a County customer service story, vision, and employee codes of conduct. The Four C focus in 2013 will include:

- Implementing the Three Legged Stool approach to hiring and teambuilding—utilizing DISC, Kolbe and Emotional Intelligence tools.
- Applying the recommendations of the Technology Study.
- Expanding the Disney Way customer service training Countywide.
- Initiating the cultural intelligence training.
- Completing tool box, training and structure for continuous improvement initiative.
- Overhauling and implementing the County Communication Plan.
- A focus on innovation throughout the organization.

**LEGISLATIVE AGENDA**

Ottawa has excellent presence in Lansing this year with Rep. Amanda Price, House Local Government Committee Chair; Sen. Arlen Meekhof, Senate Floor Majority Leader; Rep. Joe Haveman, House Appropriations Committee Chair; and Sheriff Gary Rosema continues in his role as Chair of CLEAR, the Governor’s Council on Law Enforcement and Reinvention.
The following items will provide the major focus for 2013-14 legislative action work:

- Unfunded Mandates
- Indigent Defense
- Mental Health Organization and Funding Levels
- Electronic Storage for Court Documents
- Water Resource Study Funding
- Agricultural Business Incubator Funding
- US 231 Bypass Funding
- Non-motorized Pathway Funding
- Personal Property Tax

We look forward to working with the Board of Commissioners on the many challenges that 2013 will bring and also on the initiatives that will help shape the future of the County. Noted German economist Ludwig Lachmann once said, “The future is unknowable, but not unimaginable.” The aftermath of the Great Recession has only highlighted the outstanding County that we have the honor to serve and the responsibility to improve for future generations of County leaders just as past generations of County leaders have for us.