



County of Ottawa *Administrator's Office*

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County Administrator's Weekly Digest February 18, 2011

Today's Digest will be short. All extra-time this week has been consumed by State of the County preparations for Tuesday and the State budget proposal by Governor Snyder.

STATE BUDGET

We are still sorting through much information forwarded on budget impacts and will have more on this next week. The big news is that we will lose nearly \$1,900,000 in state revenue sharing funds. This will be the biggest known impact on our 2012 budget at this time.

A GCSI quick analysis of the budget follows, again more will come next week:

Today, Governor Rick Snyder and State Budget Director John Nixon presented their recommendation for the state budget for FY 2011-12 to a joint meeting of the House Tax Policy, House Appropriations, Senate Appropriations, and Senate Finance Committees. Included in that presentation are major changes both in state spending, and in state taxation policy. On the budgetary side, these changes include a 5% cut in state School-Aid spending, a minimum 15% reduction in state higher education spending, a 48 month lifetime limit on state welfare benefits, closing one of the state's prison's (the facility is not identified), \$25 million in funding for the Pure Michigan program, virtual elimination of statutory revenue sharing, with remaining funds used to promote local government consolidation, and \$180 million in savings from public employee concession, amongst other major changes. It is also worth noting that the Governor's proposal is a 'omnibus' proposal, meaning that all education activities are contained in one bill (higher education, K-12, Community Colleges), and all other state departments and activities are contained in one additional bill. Additionally, the budgetary items are 'rolled up', meaning that the spending plan for each department is not spelled out in detail, but rather as total appropriations to departments, with discretion about the use of those funds left to the departments and executive branch officials.

Some highlights of proposed changes in tax policy include a reduction and restructuring of the state's film tax credit, elimination of the Michigan Business Tax (MBT), and replacement of the MBT with a 6% corporate income tax on publicly traded companies, and freezing the personal income tax rate at 4.25 percent after the scheduled reduction from 4.25 percent at the end of the current fiscal year, eliminating brownfield redevelopment tax credits, and eliminating the tax exemption for private pensions.

On our web-site, www.gcsionline.com, you will find the proposed executive budget, the slide presentation used by Governor Snyder and Budget Director Nixon to present their recommendation today, and a press release issued by the Governor's office regarding the proposed changes. Please contact your GCSI executive with questions or concerns about these Executive Budget proposals.

HEALTH DEPT. REAL ESTATE EVALUATION PROGRAM (Adeline Hambley)

Real Estate Evaluation Program
Adeline Hambley, Environmental Health Manager

Recently there have been some questions regarding the Real Estate Evaluation Program and the report generated as a result of the evaluation. While there have been changes made to the evaluation report, these changes have been implemented to provide more information to the buyer as to the condition of the systems on the property. The Real Estate Evaluation Program is a tool to educate buyers as to the condition of the water supply system and/or the wastewater disposal system at the home or business they are interested in purchasing. The evaluation report allows for the disclosure of potential issues to the buyer as well as to identify and correct systems that are presenting a public health hazard.

To provide some background, the Real Estate Evaluation Program was made law by the inclusion in the Ottawa County Environmental Health Code, and became mandatory on June 1, 1984. As such, an evaluation is required prior to the sale or transfer of ownership of any home or business served by an onsite water supply system or wastewater disposal system. A copy of the evaluation report is required to be provided to the buyer at time of closing.

Often, the buyer is unaware of problems and the need for correction prior to receiving the report. Correction may include the installation of a replacement system which is a large expense for any homeowner, and frustrating for a new buyer. Environmental Health does not prevent closing on a property with a standing correction order, or specify which party (buyer or seller) is responsible for the costs of correction. Providing information to the buyer is important to allow them to make educated decisions on what is likely the largest purchase in their life. The requirement of the evaluation and disclosure to the buyer also provides protection from liability for the seller and the seller's agent.

For example, a home was recently purchased without the seller's agent applying in advance for a Real Estate Evaluation. As such, the home buyer was not provided with a copy of the evaluation at closing as required by law. It was not long after occupying the home that the new owners noticed problems with the system and notified the Health Department to request a site visit. At the time of inspection, it was found that the system was installed on a neighboring property and was discharging into the water table and had to be replaced. This was an expense that was not planned for and a problem that would have been found during a Real Estate Evaluation. The homeowners informed us that they would not have purchased the home had they known about the additional expense of replacing a septic system. The family subsequently consulted with a lawyer, and eventually the real estate company that sold the home without the required evaluation had to pay a significant amount to replace the septic system.

Beyond protection of the buyer, seller, and seller's agent, this program is designed to protect the community. The sewage from a failed septic system does not stop at property lines, and a damaged well can contaminate the water serving many homes. Sewage flowing into a wetland, into a back yard or a nearby creek does not help to enhance property values in the neighborhood. Perhaps most importantly, buyers will not seek out a neighborhood where they or their family members could become ill from sewage, or contaminated water. Protecting the health, and value, of the community means properly treated sewage and a safe drinking water supply.

For more information on the Real Estate Evaluation Program please visit:

<http://www.miottawa.org/HealthComm/Health/enviro.htm>

VALUE FOR GOVERNMENT

Governor Snyder has identified several important components that basically add up to knowing whether governments are providing value for the tax dollars and other revenues that we operate on

including best practice, outcome based performance measurement, collaboration between governments, and transparency to name a few.

County departments, offices, courts and agencies have been sending me examples of best practices for the past couple of weeks and I greatly appreciate that. I would like to end the collection process one week from today so we can get this information to Governor Snyder by early March. Please contact me if you have questions.

We have many examples of programs that we have pioneered, piloted and improved and many areas where we have served as a model in the state and even nationally. We want to make the Governor aware of these practices so they can be replicated in other areas and we will end up learning from others as well.