

L. Brooks Patterson
Oakland County Executive

2009 State of the County Address

February 3, 2009
MSU Management Education Center
811 W. Square Lake Road, Troy, Michigan



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I. Opening

Good evening, Ladies and Gentlemen.

In a state that leads the nation in unemployment at 10.6%, mainly attributable to the loss of nearly 560,000 manufacturing jobs these past seven years; in a region whose main industry - the domestic automotive industry - has been buffeted and battered by both a credit crisis and the galling hypocrisy and double standards of the United States Congress; in a county that witnessed over 9,200 foreclosures last year, it's hard to stand here before you tonight with a reassuring smile and tell you all that "everything is just fine, thank you."

On the other hand, I'm not going to stand here tonight at my annual State of the County Address and hang crepe in this room and wallow in an orgy of doom and gloom.

No one can dispute that the Good Ship Michigan has run aground in a nasty storm that has intensified over the last six to seven years. As I said, Michigan leads the nation in unemployment. There are thousands of people seeking support from unemployment offices who are being further victimized by scandalous delays. A punitive and burdensome tax policy is contributing to the spiraling decline of the economy by forcing out businesses and killing jobs. And since Oakland County is 1/83 of the State of Michigan, we're not totally immune from the backwash of this storm.

But I want to make it very clear tonight that Oakland intends to do more than just ride out the storm. We confidently accept the challenge of leading this state out of these dark and desperate days into the sunlight of new growth, opportunity, and prosperity.

So how do I respond tonight to the question: "What is the state of Oakland County?" With an honest answer: "Our talent and experience will trump the vexing problems brought on by a seven year, single state recession."

Look around you. The signs of survival and revival are evident. Our economic foundation, believe it or not, is still strong. Oakland County's budget is balanced and the future budgetary challenges are manageable because of our long range planning, the hallmark of our fiscal policies. Blotted out by the headlines is the fact that we continue to create jobs and attract new businesses and investment to Oakland. And the magnificent quality of life that we enjoy in Oakland County remains intact, buoyed by an abundance of recreational opportunities, first-class shopping venues, increasing entertainment options, all surrounded by the natural beauty which abounds within our 910 square miles.

As I move forward in my speech tonight, I certainly intend to single out what Oakland County has done, and is doing, to buck the tide of the sour Michigan economy. But before we get to some of our successes, let's put the whole challenge of Michigan's economy in some context.

II. The Perfect Storm

My Deputy County Executive Bob Daddow, considered by many in the State of Michigan to be one of the top finance experts in government, refers to the times in which we live as "The Perfect Storm."

In his speech of the same title, Bob focuses on the many factors that have effectively plunged this nation into the worst economic crisis since the Great Depression. He explains in painful detail how Oakland County is not immune from the effects of such a recession. When Bob finishes his hour speech if it's not followed by at least two suicides and ten divorces, he feels he hasn't done his job.

There are a number of issues that are discussed in the "Perfect Storm" presentation: the subprime mortgage fiasco; the financial meltdown of the finance and banking system; the seizing up of the credit markets, all of which have conspired to threaten the survivability of the domestic auto industry - which, as you all know, just happens to be our region's major industry. He then explains how all of this translates into significant challenges downstream for a well-managed county like Oakland to deal with.

One quick comment on our domestic automotive industry. Bob and I, in fact all of you in this room, I'm sure, agree that the auto industry was unfairly treated by the United States Congress a few weeks ago. Some of those in Congress have a short memory. In 1942 during World War II, the Big Three halted production of autos and converted to producing war materiel. Chrysler was known for tanks; Ford turned out airplanes and newly designed four-wheel drive "jeeps." Ford's Willow Run plant built 313,000 military aircraft for the war effort.

In total, the U.S. auto industry produced \$29 billion worth of war armaments, including 12.5 billion rounds of small arms ammunition; 245 million shells; and 6 million guns. I don't recall the Big Three ever asking Congress for any payback guarantees or restructuring plans. The domestic auto industry didn't ask for anything. They just saw what needed to be done and did it.

I could spend all night defending our domestic auto industry, an industry in which my father toiled all his life. He worked at Chrysler for 43 years before he retired. Because of that history, I'm proud to drive a Chrysler 300 today.

But there's more going on that challenges Oakland County beyond the abuse inflicted upon the Big Three by Congress. For example, the State of Michigan, after constantly low balling the estimates of the State budget shortfall, is now acknowledging an official tax revenue forecast that puts the spending revenue gap at \$917 million for 2009, and \$1.6 billion for 2010.

Oakland County receives about \$40 million in General Fund dollars from the State and another \$40 to \$50 million in specified grant money. Not knowing how much revenue will be flowing into the County coffers from the State makes our job in producing a decent, stable budget more difficult to say the least.

Compounding the problem of the State's inability to get a handle on their own budget is the impact of the precipitous decline in property values. Oakland County relies on property tax revenues for 59% of its General Fund dollars. It's axiomatic: when property values fall, our budget challenges rise.

Home foreclosures, something we've not customarily had to deal with in any great numbers, have now created a huge challenge for our economy. One-in-47 homes in Oakland County is

in foreclosure compared to one-in-597 just ten years ago. We managed to close out 2008 just short of 10,000 foreclosures. But as I said earlier, there were still more than 9,200 foreclosures for that year, which is dangerously high.

III. The Oakland County Team

I've called my staff together a number of times over the past couple of years for meetings about the budget. I'm sure they're tired of hearing me say it, but I've told them over and over: "Anybody can manage in good times. It's the tough times that will test us."

And, yes, we are being tested. Severely tested. But I'm proud to say that I have a team in place with the knowledge, experience, and dedication to manage in tough times and meet the challenge.

In an economy like this, first we're tested on the accuracy of our financial projections, both near and long term. We're tested on our response time. How quickly can we circle the wagons and reduce our costs?

Well, my Department of Management and Budget is headed up by one of the sharpest ladies I know in her field: Laurie VanPelt. As Director, she has led her experienced team through these tough years and I think - I know - she has set the bar high in government for financial management across the United States. She has been recognized on numerous occasions by the Government Finance Officers Association, a national organization serving both the United States and Canada, for her leadership and expertise.

For the past 17 years her Fiscal Services Division has received the highest award for the Comprehensive Annual Finance Report (it's called the CAFR) from the GFOA. The Fiscal Services Division for 11 years running has earned the GFOA award for the Popular Annual Financial Report (which you will receive a copy of when you leave the building tonight), and also has brought home for the past 12 years top honors with the "Distinguished Budget Presentation" award.

The collective talent in Laurie's Division, coupled with the input and support of the Budget Task Force led by Deputy County Executive Bob Daddow, are the primary reasons why Oakland County remains one of America's few AAA rated counties, even in these challenging economic times. An earned AAA rating gives me more than just bragging rights. It gives the County the highest discounts on interest when we go to the market to fund capital projects such as drains and sewers.

A recent Oakland Press editorial entitled: "County Fiscal Expertise Deserves Further Applause" (July 12, 2008) noted "...the key is that County financial experts are looking two and three years ahead to try and anticipate budget problems."

As the editorial points out, if I had to single out one attribute for the success of our financial management, it would be our long range planning capabilities that separate Oakland County from the rest of the counties in Michigan, and in the nation for that matter. That's why we are recognized by Moody's and Standard and Poor's year after year as the very best at maintaining fiscal stability even in turbulent economic seas.

Because I have witnessed up close and personal the good work of these men and women in both the Department of Management and Budget and my Budget Task Force, and because I have seen their long term projections come true with uncanny accuracy, I am announcing tonight a significant expansion of our Management and Budget practices.

Some of you know, as I have talked about it before, Oakland County is the only county in Michigan, and one of the few governments in the United States, that operates on a "biennial budget." We maintain a two year rolling budget, so we're always in balance for the current fiscal year and the coming fiscal year. In other words, we are in balance tonight for fiscal years '09 and '10. Looking out that second year gives us time to react to the storm clouds that may be gathering on the horizon. This award-winning budgeting practice has saved us a lot of surprises and spared us from engaging in crisis management over the years.

Because I have the faith and confidence in my team that I do, I'm pleased to announce tonight that we will be the first county in Michigan, and we believe in the United States, to move to a "triennial budget." We will project line item detail out three fiscal years; the current fiscal year plus 2010 and 2011, as an example. A three year budget will give us the benefits of what a two year budget has done for us, but obviously more. More advanced notice; more long term planning; more opportunities to react before a crisis arises.

This is a bold move that many governments would fear to undertake because it is extremely difficult to develop reliable figures that far in advance. But my team has proven they can do it in test situations, and now we are going to do it with a full blown three year budget.

Contrast this with the State of Michigan and most municipal governments: they budget on a year-to-year basis. No lookout; no opportunity to engage in deficit avoidance; certainly no room to implement a long term strategy.

IV. Help for Displaced Workers

The failing economy, which I have commented on several times already tonight, has brought some serious pain and suffering to our friends and neighbors here in Oakland County. There are faces on those 9,200 foreclosures in Oakland County. There are faces on the families devastated by the layoffs of thousands of workers in this region.

Leadership is all about finding solutions for this kind of pain. My office is responding at different levels in different ways, but one of the more successful programs is that undertaken by my Workforce Development Division, led by John Almstadt. This Division, in cooperation with the Chrysler Corporation, has been actively involved with outplacement programs for those employees who took buyouts from a company or were laid off. They are being offered career management services, employability workshops, financial workshops, personnel workshops, skill training, welfare resources, and job fairs.

In 2009, we will expand our assistance to what we anticipate will be a growing number of laid off workers as the auto industry continues to downsize. This group will include displaced engineers who are interested in training programs to obtain certification that will make it possible for them to transfer their skills to another engineering field such as defense or biomedical.

On the educational front, Workforce Development has teamed up with Oakland Community College, Oakland University, Lawrence Technology University, and University of Detroit to determine what training programs might be useful for displaced workers trying to reenter the labor market.

The same Workforce Development Division has just released its 2009 edition of the Apprenticeship Handbook. This third annual edition highlights 54 different apprenticeship programs available in Oakland County and southeast Michigan. It also provides useful names and phone numbers as well as valuable information on how to enroll. Our handbook will soon be posted on the Oakland County website.

My office just finished a first of its kind survey in the State of Michigan. We call it a "Critical Needs Assessment Survey" where we've asked hundreds of employers to tell us what kind of jobs they have available and what skill sets are required in order to apply for those jobs. The information is now being studied by my staff. But I can tell you tonight that the common denominator of all the skills sets is technology.

When we complete the review of the data, we intend to share this information with our fine universities in Oakland County so they can continue to create or expand a curriculum which is relevant to the employers' needs. In other words, teach the skills necessary so a graduate or a displaced worker can obtain these jobs.

Just as we are adamant about finding new opportunities for displaced workers, we are equally intent on helping our automotive parts suppliers to survive and succeed in these troubled times as well. There are some 362 major automotive suppliers in Oakland County and all of them have been affected by the misfortune besetting the Big Three. A few of them have failed, others may follow.

My Planning and Economic Development Division has hosted two diversification seminars for auto suppliers and four more will be held during this year, including one on February 5th specifically targeting aerospace. We want to introduce these auto suppliers to non-automotive opportunities outside their comfort zone, such as aerospace, homeland security, alternative energy, and medical devices.

What we hope to do is have these companies which are very talented in their own right, start thinking about transferring their skills and talents into a new technology and partner with a company outside of the automotive industry.

Another group receiving help from my administration is the growing number of homeowners facing foreclosure. When you lose the roof over your head, you've lost hope as well. Working with the Board of Commissioners, my Community and Home Improvement Division, led by Karry Rieth, has sponsored a series of "My Home, My Future" workshops. More than 350 people have attended these home retention seminars over the past year. In the process they've learned about landlord/tenant rights; how to find affordable housing; and received foreclosure avoidance information.

Community Development counselors have also worked with mortgage companies to assist clients with refinancing and rearranging more favorable mortgage terms to keep people in their homes. Three out of every four distressed homeowner - 75% - who have sought

counseling have been able to save their homes. That's an amazing record for the Community Development folks here at the County and we're very proud of them.

Emerging Sectors

It was the month of October 2003 when the headlines blared that over 200,000 people had lost their jobs in Michigan.

I asked Dennis Toffolo, serving then as my Director of Economic Development, along with his team to do the necessary research and report back to me with what he thought would be the ten growth sectors for future employment opportunities outside of the automotive sphere.

This research project ultimately resulted in the launching of our phenomenally successful program known as "Emerging Sectors."

Specifically Dennis was directed to find those sectors of job growth within the knowledge-based economy; the high-paying, high-quality, sustainable jobs of the future. They are:

- Advance Electronics & Control
- Advance Materials & Chemicals
- Alternative Energy & Power Generation
- Biotechnology
- Communications & Information Technology
- Fast Growth & Finance
- Film
- Homeland Security
- Medical Devices & Instrumentation & Healthcare
- Robotics & Automation

We in Oakland County, and for that matter in Michigan, had become comfortable with all our eggs in the automotive basket, and we were soon to pay a high price for our lack of diversification.

In the summer of 2004 we officially launched our Emerging Sectors initiative. Even in a bad economy, the overwhelming success of our Emerging Sectors program has been truly astounding.

Over the past four and one-half years we have been able to attract 106 Emerging Sector companies to either locate in Oakland County or expand their operations here. The financial impact of these 106 Emerging Sector companies is impressive: they have brought over \$1.3 billion in new investment; they have created 14,762 new jobs; retained 5,623 existing jobs; and generated \$29 million in total new taxes for the federal, state and local units of government, including \$2.6 million for Oakland County.

Ladies and Gentlemen, Dennis Toffolo, Doug Smith, Maureen Krauss, Steve Huber, and the rest of the of the Emerging Sectors team, are currently generating significant new investment, and they're doing it one of the worst economies since the Great Depression. Incredible!

The kissing cousin to Emerging Sectors is Automation Alley, an Economic Development initiative that we kicked off back in 1999. This program was launched 10 years ago as a way to leverage the technological prowess that we have here in Oakland County. We set out to rightfully brand this region as a place where cutting edge companies could grow and prosper.

We started with 43 companies in 1999, and on the strength of a 17% increase in membership last year, Automation Alley has now hit the magical 1,000 membership mark. Again, my Deputy Ken Rogers and his team have done this in the toughest of economies.

Automation Alley now ranks as Michigan's premier technology corridor and is gaining ground on other high-tech powerhouses around the country like Silicon Valley and Boston's Route 128.

Automation Alley's trade missions abroad have expanded the reach of small and mid-sized businesses into global markets they might not otherwise have been able to penetrate. Entering or expanding into these foreign markets has netted \$130 million in new business for trade mission participants along with creating 200 new jobs. Automation Alley sponsored trade missions to China, Vietnam and Brazil in 2008, and are looking at possibly Russia, Canada, and India this year.

Automation Alley's exporting success has been recognized and rewarded at the highest levels of the federal government. A few months ago I went to Washington, D.C., along with Ken Rogers, to accept on behalf of the Alley, the Presidential "E" Award for Excellence in Exporting from President Bush.

This prestigious award, established by President Kennedy in 1961, recognizes achievements of individuals and organizations in promoting and increasing U.S. exports.

Other programs that have economic development written all over them include our Main Street Oakland effort. Back in 2000, I directed my staff to apply to the National Main Street Program, a historic preservation organization housed in Washington, D.C. We became then, and still remain today, the only county in America admitted to this program, along with some 2,200 cities. This downtown revitalization program, now in its 9th year, helps communities develop their central business districts which are a symbol of historic development, economic health, and community pride.

The economic return on the investment generated by the program continues to mount. During the most recent program year, downtown areas in the Main Street program generated over \$63 million in public and private investment, created 924 new jobs, and 28 new businesses. Since 2001, a total of \$563 million in new investment has taken place. Along the way 2,782 new jobs have been created and 344 new businesses were established.

While Main Street Oakland is dedicated to giving a facelift to our downtown areas, last year my team created our own initiative that can best be described as a sister program: we call it "Oak Street." Our homegrown companion program is focused on doing the same thing for the neighborhoods that Main Street does for downtowns.

"Oak Street" is designed to rehabilitate and preserve older residential neighborhoods that really contribute to the community's identity and character. The focus is not limited to

historical designated property, but rather includes neighborhoods that contribute to a community's unique character.

The potential benefits from this program are many. They include revitalizing and stabilizing existing neighborhoods and housing stock; preventative care for emerging historic districts; resident and business retention; and a stronger tax base to support schools and parks.

V. Mandarin Chinese

I would be remiss tonight if I didn't bring you up to date on the teaching of Mandarin Chinese in our Oakland County school districts. You may recall that two years ago in my State of the County Address, I urged the superintendents of our 28 school districts to undertake the teaching of Mandarin Chinese in their respective districts. You met some of the kids last year when they came on stage and stole the show.

I am delighted to report tonight that with the support of Vickie Markavitch, the Superintendent of the Intermediate School District, and our local superintendents, that 24 of the 28 school districts are, in fact, teaching Mandarin Chinese language currently, while all 28 districts have added to their curriculum courses in Chinese culture and history.

Why did I think that was necessary? China is a rising world power. It will be the largest economy in the world by 2020. You may recall in my 2007 State of the County Address that I also told you that today more English is spoken in China than is spoken in America. So it is obvious that the Chinese are getting their kids ready for the challenges of the global economy. America must do no less.

Learning the Chinese language, culture, and history will give our kids in Oakland County, at least, a leg up on the competition and a better opportunity of succeeding on the global stage.

VI. Technology

During my first 16 years as Oakland County Executive, we have invested more than \$180 million into technology, much of it shared with our 61 local communities at little or no cost to help them better serve their citizens. That only makes sense since their citizens are also my constituents as well.

Going all the way back to 1993, my first year as County Executive, a quick and steady transition was made from main frame computing to personal computers. Today, every employee of Oakland County government who needs a computer has one.

The focus on technology has dramatically altered the way county government operates. The business model changed from one of "standing in line" to one where our customers now "go online" to conduct much of their business. On both sides of the counter, time and money are being saved. Citizens can access documents, obtain information they need, and do most of their business with the county by computer without leaving the comfort of their home or office. And less foot traffic at the various counters of county government allow employees to be reassigned to other duties.

We've come a long way from the technological dark ages of 1993 to where we are today. Today, Oakland County is recognized as a national leader in the development and deployment of technology. This past year I am delighted to report that our Oakland County government website, www.oakgov.com, was named the "Number 1" government website in the nation by the Center for Digital Government. Our website earned the distinctive "Best of Web" honors from among 3,300 other government website entries across the country. The award singles out excellence in "creating an innovative, user-friendly web portal that delivers improved citizen access, greater efficiency and more bang for the buck."

The prestige and national recognition that comes with such an award adds credibility to the sales pitch we use to convince companies around the globe to locate their businesses in Oakland County, a high-tech environment.

This national recognition for "Best of Web" could not have happened but for the deft leadership of Phil Bertolini, the County's first CIO, and Ed Poisson, the Director of the Department of Information Technology. Knowing these two fellows as I do, they'd be the first to defer all praise and recognition to their very talented staff at the IT Department. You'll hear more about their staff when we talk about individual awards.

VII. Environment

Every year I spend a lot of time reporting on our efforts to promote economic development, job creation, and business growth here in Oakland County. But equally important to our success is the environment in which we live and work. It constitutes a huge part of Oakland County's cherished quality of life.

Oakland County will continue its commitment to the environment in 2009 by constructing a new "green" terminal building at the Oakland County International Airport. The new facility, to replace the aging building constructed some 50 years ago, will be smaller and will use wind power generated technology to create electrical power. Geothermal wells to heat and cool the building, and captured rain water for landscape irrigation will also be utilized. The "green" terminal will be the first "Leadership in Energy and Environmental Design" (called LEED) facility in the county. Recycled materials will be used in construction.

And the best part of it, in addition to our commitment to environmental concerns, is that no taxpayer's funds will be used in the construction of this \$5.5 million terminal. Rather, the airport generates funds through landing fees and fuel sales, and therefore the terminal will be paid for by the users of the airport.

Also, Oakland County will sponsor a "green" summit with Lawrence Technological University and Leadership Oakland in 2009 to recognize and honor the "green" achievements of local businesses, communities, and schools.

VIII. Quality of Life

I often tout Oakland County as one of the best places in America to live, work, play, and raise a family - all ingredients of an extremely good quality of life.

Oakland County had a head start on quality of life: 1,450 beautiful lakes, 89,000 acres of pristine parkland. Couple that with the magnificent array of great entertainment venues, world class restaurants, eclectic shopping experiences, and so much more, make these 910 square miles a unique place in the State of Michigan.

I see it as part of my job to take this beautiful County, made up of our 61 great local communities, and try to add a little sparkle, charm, and excitement to satisfy the various palates of the 1.2 million taste buds living here. I try to do that by coming up with an array of special events held each year that make Oakland County shine like no other place.

Last October, for example, the inaugural Brooksie Way Half Marathon and 5k - named after my son Brooks - was held. By all accounts it was an unqualified success. The race, in its inaugural year, attracted 4,000 runners and walkers from across the state, actually from around the country. Top drawer athletes like Brian Sell of Rochester Hills who competed in the Beijing Olympics, and Boston Marathon winners Bill Rogers and Greg Meyers showed up as well.

The heavy lifting in staging this event was done by the Crim Fitness Foundation, headquartered in Flint. They have an exemplary 32-year record of organizing world class races. Special kudos go to race director Deb Kiertzner and Mike Hall who brought their talents and experience from the Crim Foundation to our race. We couldn't have done it without them.

Special thanks are also in order for Oakland University and its president Dr. Gary Russi for providing such a wonderful staging area for the race. And, of course, to the residents of Rochester and Rochester Hills, thank you for your support. And for the few of you who were locked into your neighborhoods for an hour and a half, thank you for your patience.

The race organizing committee headed by Paul Coughlin and Greg Guidice did a fantastic job making this a truly enjoyable event for everyone.

The Oakland County Sheriff's Department Deputies with a large contingent, kept the runners safe as they traversed the streets. Our main sponsors HealthPlus and Citizens Bank provided the critical financial support.

And finally there were hundreds and hundreds of volunteers, without whom it would have been impossible to stage this race.

Mark your calendars: The 2009 Brooksie Way Half Marathon and 5k Race will be on Sunday, October 4th, once again gathering on the scenic Oakland University campus. If you plan to run or walk, please arrive early since we are expecting over 6,000 participants in this second year.

And there are more events on the horizon: coming up in a couple of months, April 3-5 to be exact, is the first annual Oakland Edge Hockey Tournament at the Onyx Ice Arena in

Rochester. I mentioned this last year and it has taken us this long to pull all of the details together.

There will be three men's divisions, all aged 30 and over and divided by skill level. There's also a women's open division for players aged 21 and up. The tournament will be limited to the first 30 teams, so if you want to participate, get your \$700 team registration in early. The deadline is March 9th.

A unique feature of the tournament will be a skills competition where players will compete, aside from the tournament games themselves, in events like fastest skater, hardest shot, and the most accurate shot. Winners will be awarded trophies. For more information about the tournament go to www.OaklandEdge.com.

This new event will be added to a calendar which already includes several outdoor extravaganzas which have proven very popular to our residents.

Arts, Beats and Eats will be celebrating its 12th year of outstanding entertainment, food, and artwork by national artists on Labor Day weekend in downtown Pontiac.

Quake on the Lake, the inboard hydroplane racing, will once again be staged again this July on Pontiac Lake.

And our second annual Fire & Ice Winter Festival was staged just a week ago, also in Rochester. Ice carvings, dog sled rides, toboggan run, fireworks on both Friday and Saturday nights - this has quickly become a must attend winter event. We estimate over 15,000 people braved the cold that weekend. It is so popular that the committee is considering doing two Fire & Ice events each year; one in downtown Rochester and one in a community on the west side of Oakland County, yet to be named.

Stay tuned on that tease!

When we here at Oakland County are not staging festivals and events, our employees are contributing to the quality of life in other ways.

Since 1993, our employees have been allowed to dress casually every Friday. But for that slight deviation from the norm, they are requested to contribute one dollar to the "Jean Jar." The money is collected every week and put on deposit in the Treasurer's Office, and at the end of the year, on behalf of the County employees, I give checks to local charities in an attempt to support their holiday season efforts.

This past December, \$24,500 that had been donated by employees on Casual Day Fridays was presented to 11 local charities. In addition to that, during the year a number of Special Casual Days are also held for deserving individuals and organizations. A total of \$30,771 was raised during the last calendar year. Since the Casual Day program began in 1993, our generous county employees have contributed more than one half a million dollars from the Casual Day program to charitable causes.

In addition, this past year, county employees through payroll deductions, donated \$51,891 to a wide range of causes including ALS; the American Cancer Society; the American Heart Association; Community Health Charities; Easter Seals; Rainbow Connection; and United Way.

So, I think you can see that the Oakland County employees not only do a good job at their respective posts, but go far beyond the job demands and contribute in their own way to the enhancement of the quality of living and working in Oakland County. I'm very proud of these employees.

IX. Awards

Speaking of county employees, I've come to that point in my speech where I single out awards and recognitions that my employees have earned throughout the course of the past calendar year.

I get to stand up here at the State of the County in the spotlight and take all the bows for what is, in reality, the achievement of so many others. It is the dedicated men and women of county government who labor in the trenches daily throughout the various departments of county government who deserve the credit for making Oakland County the gold standard by which other units of government are measured nationwide.

Once again in 2008 they were recognized individually and collectively for their achievements. And as has been the challenge in the past, time does not permit me, unfortunately, to recite all the honors bestowed upon them this past year. But please turn your attention to the screen behind me for a full review of our 2008 award recipients. (They will also be individually spelled out in the hardcopy of this speech which you will be given as you leave tonight.)

- Fiscal Services - GFOA FY2008-2009 Biennial Award for Distinguished Budget Presentation
- Certificate of Achievement for Excellence in Financial Reporting for 2007 Popular Annual Financial Report (PAFR)
- Comprehensive Annual Financial Report (CAFR)
- Best of Web - Number One Government Award from Center for Digital Government
- NACo Awards (2008)
 - Compassion Fatigue Training and Interlocal Training Collaboration (HR)
 - Patrol Car Purchasing Program (Central Services)
 - Crib Notes (Health)
 - Oakland County Podcasts (IT)
 - eGovernment Sharing Network (IT)
 - ReCycle for Kids Project (Sherriff)
 - Financing Healthcare for Retirees (Fiscal Services)
 - Land Use Curriculum Project (Planning)
 - Project V.O.T.E. (Clerk)

- Fraud Check (Clerk)
- Court Explorer Program (Clerk)
- Automation Alley “E” Award for Excellence in Exporting
- Cartographic Design – Single Map Project (Planning and Economic Development)
- Oakland County Cross Boundaries Services Initiative - Michigan Excellence in Technology Award
- CIO Phil Bertolini – Midwest Technology Leader Award
- Automation Alley Executive Director Ken Rogers – CEO Award of Excellence in Economic Development
- 52-3 Judge Julie Nicholson – 2008 Honorable George N. Bashara ‘60 Distinguished Alumni Award from MSU College of Law
- Corporation Counsel Judy Cunningham – selected one of Michigan’s in-house leaders in the law by Michigan Lawyers Weekly
- Fiscal Services Manager Tim Soave – Honorary Life Membership from the Michigan Finance Officers Association
- Best Practices (Health) from the Michigan Department of Health for Pandemic Planning
- L. Brooks Patterson – first annual Lifetime Achievement Award from Michigan Business and Professional Association and Michigan Food and Beverage Association
- L. Brooks Patterson – Crain’s Detroit Business “Newsmaker of the Year”
- George Miller – Health and Human Services Director received the 2008 Award of Excellence from the US Dept of Homeland Security for his efforts as the Chair of the Detroit Area Advisory Committee for the National Bio-Watch Program. Only 8 such awards presented throughout the United States each year.
- David VandeGrift was elected President of the Michigan Chapter of the IPMA – HR (International Public Management Association for Human Resources).
- Friend of the Court Oakland County corporate team took 3rd place in the Brooksie Way half marathon
- Suzanne Hollyer was awarded the 2008 Friend of the Court Supervisor of Year award from the Michigan Family Support Council
- Assistant Prosecuting Attorney Barbara Morrison- “Prosecutor of the Year” from the Michigan Arson Prevention Committee.
- Assistant Prosecuting Attorney Brett Chudler- Madison Heights Police Department Commendation for successful prosecution of a criminal defendant for Solicitation of Murder for attempting to murder a mentally impaired 15 year old child who testified against him in a prior rape case.

- Assistant Prosecuting Attorneys Joyce Todd, Paul Walton, Greg Townsend and Paralegal Laurie Wakerley - Novi Police Department's Special Recognition Award for the successful 10 year old "cold case" prosecution of Daniel Pittao for murdering his wife.
- Oakland County was awarded the 2008 Best Application Serving a Public Organization's Business Needs Award by the State of Michigan and Government Technology Magazine for our Cross Boundary Services initiative.
- Oakland County was ranked second in the nation by the Center for Digital Government in their 2008 Digital Counties Survey.
- Jeff Lewis was awarded the Michigan Juvenile Detention Association (MJDA) Child Care Worker of the Year for 2008.

I've never done this before, but if there are any county employees in the audience, would you please stand and let us give you and your fellow county employees a hand for such outstanding leadership you've displayed and the honors you have earned.

X. New Programs

One of the moments in my State of the County speech that I particularly enjoy every year is getting to that point where I announce some new programs and initiatives.

I've stolen some of my own thunder in this speech tonight by telling you already about some new initiatives: the "triennial budget" which I think will separate the men from the boys and Oakland County from the competition. It's been done nowhere that we know of in America. It gives us such an important advantage in long term financial planning. My staff has already begun to lay the groundwork to move to a three year budgeting cycle. It will take the skills and expertise of Bob Daddow, my Deputy in charge of finance; my Director of Management and Budget, Laurie VanPelt; and Dave Hieber, my Equalization Manager, who studies property value trends so that we can formulate an accurate and dependable budget forecast looking out three years.

I've already told you about the Oakland County International Airport, but the point here that is new is we are building our first certifiably "green" building in the Oakland County complex of buildings.

The terminal at the Oakland County International Airport is the gateway for virtually all of the Fortune 500 companies. They all come through that portal at some point in time during the calendar year and we want to make an immediate impression that Oakland County enthusiastically embraces innovation and technology. This terminal will make that statement. And keep in mind, we are doing it without taxpayer's funds.

Under the Quality of Life heading, I've already announced our first Oakland Edge hockey tournament. This will be fun and exciting and hopefully will become a staple in our venue of winter activities here in Oakland County.

I've also mentioned tonight the success of Emerging Sectors, but now I would like to elaborate further about one of those sectors, highlighting an exciting new initiative which we are developing. The fastest growing of the ten emerging sectors that we have identified is without a doubt the Health Care Sector.

As you drive around Oakland County, you can see the health care sector literally coming out of the ground with new hospitals in Novi - Providence Park; in West Bloomfield - Ford; in Independence Township - McLaren; at OU - the Oakland University Beaumont Medical School; in Royal Oak Beaumont - the Proton Beam Therapy Accelerator.

We hired Patrick Anderson from the Anderson Economic Group, a research group out of Lansing. I said to my friend Pat, there is something going on in the health care sector. Quantify it for me.

A number of months later he came back with these amazing totals: There are 4,337 identified medical facilities in Oakland County, with 93,000 people working in the medical field in some capacity. When we received his report, my Economic Development team began working overtime to launch a new program that we officially named "Medical Main Street."

There are numerous health care building and expansion projects dotting the County landscape. Chief among them is the new Oakland University / Beaumont Hospital medical school planned for the Rochester Hills-based campus. It is expected to open in September 2010 and generate \$1 billion in new investment and create 13,000 new jobs.

Other projects at some stage of development are the \$300 million McLaren Health Village in Independence Township; the \$224 million St. Johns Providence Park Hospital in Novi; and the \$310 million Henry Ford West Bloomfield Hospital project.

Our Medical Main Street mission is to take all of these disparate medical entities, that's hospitals, nursing facilities, medical schools, pharmaceutical manufacturing, medical device manufacturers, and roll them all into a new branding initiative (Medical Main Street) which, when properly marketed, will create a magnet to attract patients, investment, additional medical facilities, medical suppliers, and clinical research from around the world to our doorstep.

The Anderson Economic Group report says that Oakland County has the opportunity to add another 45,000 jobs in the health care sector over the next six to eight years if we aggressively market what we have - and we certainly intend to do so.

A 12 member board, along with a 25 member support group, has been assembled to help guide the project. Their help is essential as we continue developing marketing strategies to promote Oakland County as a "medical destination."

We have got a pretty good start. Patients from all 50 states and 40 countries already come to Oakland County seeking quality medical care, and that's what the Medical Main Street brand will be focused on.

Speaking of new initiatives, I have yet another new program to announce tonight. This is an exciting addition to our I.T. services that we make available to the public. We are announcing tonight we have just negotiated a contract with "GovDelivery," a leading provider of email subscription services for government.

Basically this is how this new email / text messaging notification system works. Anyone can sign up with Oakland County to receive specific information on a wide range of topics in, right

now, 30 categories. Go to our County website www.oakgov.com. Instead of wading through 25,000 pages of our web content to find what you want to read or hear about, you can just request information from a specific category to be forwarded to you.

You can be notified in the blink of an eye about emergencies, severe weather conditions, or information from specific departments like the Health Department, beach closings, and even family events and festivals taking place in various communities.

We have worked out an arrangement with GovDelivery, our vendor, so that all our local units of government will be able to integrate this email subscription service into their own websites without any cost. This will be a great savings for local cities, villages, and townships, and will give them the ability to deliver email communications to their residents on a variety of subjects, again at no cost.

Since this is new technology, of course we will set up some quick training sessions so the local units of government can take full advantage of this program. For more information check the County website at www.oakgov.com.

Still speaking of technology, there's yet another new technology announcement that I would like to make tonight. My staff along with the involvement of many talented local planners have published the first ever "Technology Planning Toolkit" guidebook. It was our intention to assist local government agencies within Oakland County in facilitating future technology investments in their respective communities. The toolkit is the first effort in getting all of our communities on the same page. The publication includes observations, recommendations, practical techniques, and model language for communities to use in reviewing or modifying their plans, policies, ordinances, and procedures. Together we will further distinguish Oakland County and our communities as a great place to work, live, and play, as we prepare to be a force in the knowledge based economy.

My appreciation to the advisory committee and staff committee who labored close to a year to develop this publication which will now be sent to our local communities.

Finally, I am delighted to announce tonight one final new initiative - an exciting major quality of life addition to our menu of activities. This one, I think, you will agree, is cool.

Picture this scene: Hollywood stars like Angelina Jolie, Brad Pitt, Clint Eastwood, Meryl Streep, and Morgan Freeman stepping out in all their finery and walking up a red carpet as spotlights roam the night sky signaling that something very special is happening in Oakland County.

The Oscars? The Emmys? A Hollywood premiere? No - it's Oakland County at the epicenter of the burgeoning film industry and entertainment world that has come to Michigan because of an advantageous tax policy designed to lure them.

To take advantage of this glamour, glitter, and job creation opportunities, I'm delighted to announce that we're already in the formative stages of planning the first ever Oakland County Film Festival in 2010.

This is new territory for us, so we're going to move slowly and deliberately to make sure it's done right. The first step, which is already underway, is to assemble a committee of

dedicated and interested stakeholders who want to blaze the film festival trail here in Oakland County. Next we will assess the scope of the project and ultimately how it will be funded.

It makes sense to try and capitalize on Michigan's efforts to attract Hollywood filmmakers to the state. What better place to host a top drawer film festival than Oakland County which already is a leader in quality of life events.

I certainly wish to acknowledge at the early stage the role of State Representative Gail Haines who brought the idea to me about six months ago and is playing a prominent role on the organizing committee.

Stay tuned. We'll have a lot more to say about this exciting new project in the coming weeks.

There is a second part of this announcement tonight about Oakland County's role in the state's rapidly growing film industry.

The Governor and I were going to co-announce tonight the building of the largest film production studio in the State of Michigan, right here in Oakland County.

But golly ... the Governor got so excited about the news - you remember she lived out in Hollywood for a few years - she couldn't contain her girlish enthusiasm and let cat out of the bag in morning television and newspapers.

So, while the Governor is out tonight buying Kleeg lights and interviewing grip boys, I am delighted to re-announce tonight that a few friends that I have known for a couple of decades have put together an exciting movie studio deal.

This is a multi-million dollar investment that will create 3,600 new jobs directly related to movie and film production and make Oakland County synonymous with the new burgeoning film industry in the State of Michigan.

The investment group is comprised of local business leaders Alfred Taubman, Linden Nelson of Nelson Ventures, and Gary Sakwa from Grand Sakwa.

The investment group has brought in Raleigh Studios, a division of Raleigh Entertainment, from Hollywood, California, the country's largest independent studio operator to manage the studio operation. Hollywood talent agency, Endeavor, brokered the deal and will represent the studio.

More details on the new studio will be forthcoming in the days ahead, but stay tuned since I have been told they want to get their first film into production within the next 90 days.

XI. Cobo

I'm sure you've heard about it by now, but we've had a breakthrough on a thorny regional issue this past year. After a few years of wrangling - I personally like to call it tough negotiation - the much discussed and long anticipated Cobo Hall expansion legislation finally

made it through the legislature and was signed into law by the governor. We didn't get everything we wanted in the bill, but you never do in the process of negotiations. But between you and me, I think we got the most important stuff.

For instance, the Governance Authority. The Authority that will take over the administration of Cobo was hotly debated. The first plans called for two votes for Detroit, two for Wayne County, and one each for Oakland, Macomb, and the State of Michigan.

Well, do the math: we would have been outvoted on every critical issue. The Authority that now exists in the final legislation, just signed into law, is made up of five members: one representative from Oakland, Wayne, Macomb, Detroit, and the State of Michigan. But most importantly - and this is a key provision that I insisted upon - it takes a unanimous vote from all five stakeholders in order to move an agenda item.

In my opinion that unanimous vote requirement, called the "Consensus Model" of voting, satisfies my sense of security that we will be able to protect the taxpayers of Oakland County, and for that matter the tri-county area, on any issues that might threaten or jeopardize their hard earned tax dollars.

Over the past five years of tough negotiation, my staff and I have been vilified and painted as "obstructionists" on the Cobo Hall issue. They said we were not "regional players," if you will. All because we had the audacity to question the internal operations of Cobo, and most importantly its spending practices.

By holding firm and sticking to our guns these past five years, we were able to accomplish a significant reduction in the cost of the Cobo Hall renovation. You may recall that former Detroit Mayor Kwame Kilpatrick proposed at the auto show five years ago, a \$1.3 billion expansion. Compare that to the legislation just passed in Lansing where the cost for expansion is capped at \$288 million.

By standing our ground and taking the heat, Oakland County has saved the regional taxpayers over one billion dollars! That's worth the abuse we took.

Another key win for us in this new Cobo legislation (and for that matter, everyone else in the tri-county area) is that there are no longer "preferences" in the legislation for Detroiters only. In the initial draft of the legislation there was language that said any new jobs associated with the expansion of Cobo Hall would go to Detroiters first. But in the final legislation, because of our insistence, preferences for jobs created by the renovation of Cobo will be offered to the residents and businesses in the entire tri-county area - the counties that are actually paying for the remodeling and expansion through the hotel/motel taxes provided for in the legislation.

Also eliminated from the original legislation by our demand was the Authority's right to grant 50-year sole source no-bid contracts. That's what I kept referring to as the "Bobby Ferguson Full Employment Provision."

I've already selected my appointment to the five member Authority. I have offered it to a gentleman who has exactly the right credentials to represent our interests. I wanted somebody who was familiar with the three "C's" of Cobo: costs, contracts, and construction. The gentleman I have named, and you're the first to hear it tonight, is Mike Carroll, a

Farmington Hills resident. Mike has a background both as a Certified Public Accountant, and since 1975 has been CFO for several of our regions major construction firms. For the last 13 years, Mike has been the Chief Financial Officer, Secretary-Treasurer of the 100 year old George W. Auch Company.

Cobo Hall is all about the three "C's" and Mike has the credentials and lifelong experience to ask the right questions and the guts to vote no if it's not fair to all the stakeholders, especially Oakland County.

So what's next with Cobo? Besides getting a firm handle on the costs associated with Cobo, from my perspective the next order of business would be expending the necessary funds to upgrade the facility to address a laundry list of deferred maintenance items such as the antiquated loading docks. The current docks require a single file ingress and egress which hinders setting up and taking down the shows. Other internal issues such as heat, air, light, and other building systems need to be brought up to code as well. The building is sorely lacking in technology which has been developed over the years and in place in many other convention centers around the country. Technology upgrades are a must.

The parking deck has to be seriously reworked before it falls down. Bottom line: the existing Cobo Hall needs a whole lot of TLC before we start talking about spending additional funds to expand the facility.

With the North American International Auto Show losing many exhibitors including Nissan, Mitsubishi, Land Rover, Porsche, Ferrari, and Suzuki, expanding Cobo Hall now makes about as much sense as adding more seats to Ford Field. With the Auto Show contracting, there is not a good argument at this point in time to expand the facility.

Hopefully the North American International Auto Show will do more than survive - that it will thrive in Detroit - because it's important to the region in terms of economic impact and prestige. Let's wait and see what happens with the auto industry before we plunge full steam ahead with a costly expansion program.

XII. Our Region

Tonight as I have talked about the economy and what Oakland County's role is, I've tried to be realistic, yet at the same time optimistic, in conveying to all of you where Oakland County stands as we enter 2009. Sure, there is much to be concerned about, but I also want you to leave here tonight knowing there is also much to be hopeful about. Hopeful not just in Oakland County, but for the region and state as well.

A major Massachusetts-based battery maker, A123 Systems, announced in early January plans to build a 7 million square foot manufacturing plant in Michigan that would create 14,000 new jobs. In its announcement the company said it would supply batteries for 5 million hybrid vehicles and 500,000 plug-in hybrids by 2013.

Regardless of where the plant is built, this is great news for the region and the State of Michigan.

At the recent North American International Auto Show, General Motors announced plans to open a lithium-ion battery-pack manufacturing facility. The \$1 billion project has the potential to create up to 50,000 jobs over the next 3 to 5 years. Again, we don't know the exact location at this time, but it will be in Southeast Michigan and those kinds of jobs will be welcomed news to our friends and neighbors who lost their jobs in this economy.

The Facility for Rare Isotope Beams (FRIB) is going to be built at Michigan State University, putting Michigan on the global science map. As Detroit Free Press editorial page editor Ron Dzwonkowski wrote in a December 14, 2008 column: "This sends a signal Michigan is worth saving and that not all the smart people are bailing, that there are more than laid off workers and idle factories here."

I had the privilege of serving on the "FRIB" committee in the attempt to attract the Facility for Rare Isotope Beams to Michigan State's campus. It is a \$550 million investment and thousands of construction jobs. During the course of this assignment, I found out that Michigan State University graduates more physicists in the United States than any other university in America, except for MIT. Way to go MSU!

Another encouraging sign for the region is the University of Michigan's \$108 million purchase of the former Pfizer R&D facility in Ann Arbor. This 174-acre site, which will create 2,000 jobs over the next ten years, will help stimulate research activity and provide fertile ground for future discoveries and collaborations with private businesses. The facility will focus on life sciences, alternative energy, nanotechnology and health care. Basically, just what the doctor ordered for Michigan's ailing economy.

Let's back up and take an even broader macro-look: lest you think America is losing its grip as the world's dominant economy, it ain't! According to the World Economic Forum, the United States still ranks as the most competitive economy in the world and second in corporate spending on research and development, and second in the quality of its research institutions. This ranking measures all similar institutions doing similar work around the entire planet.

So more than a ray of hope, the burst of sunlight through all the bad news in our economy is that Oakland County is doing extremely well and the potential for a bright future is dazzling. The region and the State of Michigan are fighting back with significant successes to point to as well. And the United States is far from throwing in the towel when it comes to competition with India and China. Writing America's obituary would be premature.

XIII. Closing

I am now five weeks into my fifth term as Oakland County Executive. Those who know me and those who work with me will attest that I show up for work every Monday morning excited by the challenges and opportunities that we face here in Oakland County. It's the beginning of my 17th year and I have not lost an ounce of enthusiasm for the job. The job has become my soul mate and I am committed to her.

I just referenced a moment ago friends that I work with. Well, there are a couple of friends whom I've had the pleasure of working with over the years who, because of the political winds, have been swept out of office.

Tonight I would like to recognize Congressman Joe Knollenberg who served his 9th Congressional District in the State of Michigan with distinction for so many years. He will not be returning to Washington, D.C. I would like to take this opportunity to publicly thank Joe for all he's done. He's brought millions of dollars back into Michigan and certainly back to Oakland County in particular. He's helped us with the Oakland County International Airport, Automation Alley, and Emerging Sectors, to name a few. He will be missed.

At the County level, Pat Dohany, our talented Treasurer, the man whose knowledge and expertise brought significant returns on Oakland County's investments, will be leaving the office in July. (Don't ask me why July, it's just a quirk of the law.)

Pat's intelligent insights and sound decision making have been extremely helpful in Oakland County obtaining and maintaining a AAA bond rating from Wall Street.

Not swept out of the office, but deciding to leave at the end of the year on his own, was Prosecuting Attorney David Gorcyca. As Prosecutor, Dave held a post that I had held for 16 years in a previous life. I know a little about that job and I can tell you Dave successfully managed that position with professionalism, skill, and integrity. He understood what it meant to be the victims' lawyer.

These three extraordinary public servants will be missed. How about a nice round of applause for Joe Knollenberg, Pat Dohany, and Dave Gorcyca?

As I close out my speech tonight and I'm thanking people with whom I have had the pleasure of working with, I'd certainly be remiss not to once again acknowledge the fine staff of Oakland County employees - nearly 4,000 dedicated men and women - who really do go the extra mile to make Oakland County stand out from the other 3,248 counties in America.

You've heard a lot about the budget tonight and the challenges we face here in Oakland County. I don't face those challenges alone. I face them with a fine group of countywide officials who understand the financial challenges we face and equally important the need to balance our budget in accordance with state law. They are prepared to make the necessary sacrifices to make sure Oakland County leads the way.

The approach we take in determining our budget is fairly simple: we project our revenues against our expenditures. If there is a shortfall, then we assign budget tasks to ourselves and to our fellow countywide elected officials. Some of those tasks could be as high as \$3 to \$5 million dollars, depending on the size of the official's budget. I delivered a budget task to Sheriff Mike Bouchard about two weeks ago. He is already well ahead in meeting his task without a complaint. Thanks Mike.

The same for the other county officials: the Clerk, the Treasurer, the Drain Commissioner, and even our new Prosecutor who has been on the job for less than five weeks is accepting the budget task and has set about making the necessary cuts to help bring the budget into balance.

And kudos as well to our friends in the judiciary, both in the Oakland County Circuit and our District Courts, for whom we are the funding unit. They have stepped up to the plate admirably.

Nobody wants a budget task. But it's a sign of leadership to understand the challenges that we face in these days, accept the budget task, and set about paring down their respective budgets to meet our goals.

I also want to single out tonight the members of the Oakland County Board of Commissioners for a heartfelt thank you. While the County Executive proposes a budget, it's actually the responsibility of the County Board to evaluate and adopt the budget. In these tough economic times when budgets are severely challenged, it's critical that the Executive Branch and the Legislative Branch work well together in the best interests of the taxpayers of this county. I'm here to report tonight that this is the relationship that exists between us. And all of you, as taxpayers in this county, are the beneficiaries of that solid working relationship.

And finally I would be remiss if I didn't thank all of you who are in the auditorium tonight, as well as those listening on the radio, and those who gave me your vote this past November.

You have elected me as Oakland County Executive five times. That's why my recent trial balloon regarding the Governor's office is such a tough call for me.

It would take a lot for me to walk away from the programs you've heard me talk about tonight and to leave behind so many good people in Oakland County that I truly do respect and truly love working for. Within the next couple of months I will take a look at the race for Governor, not because I'm dissatisfied by what's going on here, but more so because I am dissatisfied with what's happening in our State of Michigan which, unfortunately, impacts all of us here in Oakland.

The levels of unemployment, the anti-business tax policy, the chronic deficits - none of that would be tolerated in Oakland County and it should not be tolerated at the State level either. So give me max six to eight weeks to weigh the pros and cons of a race for higher office, and then I will report back to you with my decision.

But right now, please know that I am looking at a group of people who have honored me by your support, motivated me by your votes of confidence, and humbled me by your friendship.

Thank you for being here tonight.