

**STATE OF THE COUNTY ADDRESS
OAKLAND COUNTY EXECUTIVE L. BROOKS PATTERSON
FEBRUARY 12, 2003
MSU MANAGEMENT CONFERENCE CENTER
TROY, MICHIGAN**

Thank you, Mike, [**MIKE COX, MICHIGAN ATTORNEY GENERAL**] for that very kind introduction, and by the way, congratulations on your great victory in November. I know that you will do an outstanding job as Michigan's first Republican Attorney General in nearly 50 years.

And good evening to all of you who have taken time out of your busy schedule to join me here tonight, and greetings to those as well who are listening on WWJ Radio.

This year, 2003, marks the beginning of the eleventh year of the Patterson Administration in Oakland County. By all indications it will also be our most challenging year. The topic tonight? Well, the President spoke about it in his State of the Union, Governor Granholm spoke about it in her State of the State, and I too shall spend a fair amount of time this evening talking about the economy and its impact on our budget.

As anyone knows who has watched his or her 401K become a 201K, we are still in the midst of a global recession. We are told that the grip is starting to loosen, but we still see evidence of rising costs and dwindling revenues that have negatively impacted both corporate America and government at all levels.

Wall Street recently closed the books on its worst year in a quarter of a century. For the first time since 1941 the Dow Jones Industrial Average registered a third consecutive year of losses. In the last three years the Dow has lost \$4 trillion, or roughly 20 percent of its value. For some in this country life savings have been wiped out along with the hopes and dreams of a carefree retirement or a

child's college education. Many workers who retired, believing their savings would carry them through the golden years, have returned to the labor market.

It would be safe to say here at home in Oakland County we have not been spared the effects of a prolonged national recession. Economists who advise my Administration on the direction of our economy told me that we would be well on the mend during the second quarter of last year. I have now come to conclude that an economist is a man who knows 150 ways to make love. He just doesn't know any women.

Let me step back and set the stage. Michigan is looking at an approximate \$2 billion budget shortfall for fiscal year 2004. You may ask yourself how did it get so far out of balance? While the problem is very complex, the answer is fairly simple: the State basically thrives on revenues generated by the sales tax, the state income tax, and the single business tax. As you might expect in a prolonged recession, those various revenues literally go in the tank. People don't buy and sell as much, therefore the sales tax revenues plummet. If you're out of work, and thousands in this state are, you're not paying income tax. Business activity is down and so are the revenues they generate through the single business tax. Combine all that, you can see how the state coffers have been depleted.

The only way to avoid a deficit resulting from this loss of revenues, obviously, is to reduce your spending at an identical rate. Unfortunately, spending reductions never keep pace with revenue declines. What you see in Michigan is a phenomenon that is occurring all over the country. Forty-six states are swamped in red ink. California has a \$96 billion budget. It would have the world's fifth largest economy if it were a separate country. The Golden State, with a \$35 billion deficit, is facing worse problems than Michigan: California could lay off every state worker, every teacher, every park ranger, and every state cop and still be \$6 billion in the hole.

It's not any better for the east coast: New York City, which has a \$15 billion discretionary budget, is \$6 billion out of balance. Mayor Bloomberg, in response, has raised property taxes on an already heavily taxed city by 18 percent.

How does Governor Granholm plan to resolve her \$2 billion deficit? Let me once again set the stage. The State of Michigan does not own nor operate any school districts in the state, including the 28 districts in Oakland County. Rather, the state funnels millions of dollars to local school districts in support of education. The State of Michigan does not own nor operate the various health departments around the state. Again, the state funnels millions of dollars to the various county health departments in support of public health. The Oakland County courts get money from the state; the Sheriff's Department gets some reimbursement from Lansing; the Oakland County Road Commission is dependent upon state revenues to fund many of its programs. Our local Community Mental Health receives millions of dollars from the State of Michigan. Public safety, in some degree, is dependent upon state financing, such as support for our Community Corrections programs.

So when the State faces a \$2 billion deficit, what does it do? It simply cuts back on some of its spending on education, it reduces its appropriations for roads, it retrenches on its commitment to fund the community mental health programs, it takes away valuable and important dollars from public safety programs, not just from Oakland County, but from communities across the State of Michigan until it has redirected \$2 billion into the state coffers, and wallah, the State's budget is magically balanced.

But what havoc does that wreak at the local level? Let me show you. Let's say, by way of illustration, the state promises Oakland County a million dollars for a certain program. I build that million dollars into my budget. Then I find out as I proceed through the fiscal year that the state can't actually deliver on that million

dollar commitment, but is only going to give me \$750,000. Can you see the problem? I have a budget shortfall of \$250,000, and I must now adjust my budget mid-year. What happens if the state says, “You know that \$18 million I was going to give you? Well, you’re not going to get any of it.” And, ladies and gentlemen, that’s exactly what we’re up against.

Let me explain a little bit about how we budget in Oakland County. We have a biennial budget, which means we have a two year “rolling budget.” We’re always looking one year beyond the current fiscal year. We saw red flags popping up more than a year ago when Lansing first cut revenue sharing payments to counties and local communities during the 2002 fiscal year. Realizing that this was the beginning of a series of more significant budget cuts, we took appropriate and decisive action early on. We instituted a hiring freeze back in July of 2002, which over time has left approximately 175 positions unfilled. This in turn has saved us over a million dollars in unpaid salaries and fringes. And as we face the inevitable decision of layoffs in the future to balance our budget, guess what? We are in a position to delete unfilled positions first.

We instituted other programs to quickly save the county as much money as possible: we encouraged employees to take administrative leave without pay, which has saved the county nearly one-half of a million dollars to date, and that number continues to mount. We instituted an extremely successful Early Retirement Program where 227 of my best and brightest have taken advantage of the incentives and will be leaving county employment before the 31st of March this year. The departure of those valuable employees will save us nearly \$7 million.

As I said, because Oakland County operates on a unique two year rolling budget we were able to see further ahead and identify problems earlier than many local governments who budget on a year-to-year basis. Last year when we

identified an initial \$13.9 million budget shortfall for the fiscal year 2004, we were able to take corrective action in a fairly painless way, at least for now.

There's no question that future adjustments will be required since that identified \$13.9 million shortfall has now risen to over \$23 million currently, and we are expecting unprecedented budget cuts from the state as it grapples with a \$2 billion imbalance for its 2004 fiscal year.

It's not just the state cuts in revenue that have put the crunch on our budget, other factors have put pressures on Oakland County revenues as well. For instance, there's been a decline in our investment income. Post-9/11, the rate of return on the county's investments has fallen from about 5.25 percent to around 2.25 percent. Just look at your own invested funds and you can appreciate what's happening to the county's investments.

In addition, fringe benefit costs have skyrocketed. Health care costs for the county have soared upward by 15 to 17 percent, including an incredible 33 percent spike in hospitalization in just one year.

The county's tax revenues from property taxes have also taken a hit. Over the years Oakland County has routinely experienced a seven percent growth annually in taxable property values. We knew that level of return was probably too high for fiscal year 2004 so we lowered our budget estimate to 5.5 percent to adjust for the flagging economy. We were still too optimistic. Property tax growth rate will be closer to 4 percent, which leaves us \$3.5 million short of our budget estimate. So if you add our increasing costs together with the decreasing revenues from the state, you can see that fiscal year 2004 is going to test our collective ability to manage a fiscal crisis.

I have every confidence in the budget task force that I have assembled: I've asked my top two deputies, Doug Williams and Ken Rogers, along with assistant deputies Jerry Poisson and Bob Daddow, and two of my senior staff, Director of

Personnel Judy Eaton and Director of Management and Budget Laurie VanPelt to retreat to the war room and lay out a tough fiscal survival plan. These six, along with my entire staff, working with the Board of Commissioners and the other elected countywide officials are dealing with the crisis on a daily basis, and I am absolutely confident that we are successfully meeting this challenge head on.

Over the coming weeks and months you will be hearing a lot about this thing called revenue sharing. What is it and why is it so vulnerable? Prior to 1939, local units of government had the authority to tax intangible personal property. That year the state came along and exercised what I would call a doctrine of “preemption.” It basically told the local units of government they could no longer impose an intangible personal property tax; it would now become the exclusive right of the state. But in exchange for the preemption of the locals’ right to tax, the state promised that two-thirds of the state’s new intangibles tax revenues would be returned to the counties, cities, villages and townships on a per capita basis. In other words, they would “share the revenue” with the local communities. Hence the phrase “revenue sharing.” Over the years the funds that comprise revenue sharing dollars have come to include portions of the Michigan sales tax and the single business tax.

Around the state today the statutory revenue sharing pot hovers at about \$855 million. And if the state is \$2 billion in debt, can you understand just how tempting that \$855 million is to the state treasury? It sits out there like ripe, low hanging fruit ready to be plucked.

If revenue sharing is eliminated, as we believe it will be in part or in total, Oakland County could lose up to an additional \$17.3 million in 2004. Under that scenario, 300 to 500 county layoffs would not be out of the question. Since personnel costs comprise 80 percent of our budget, there is no realistic way of balancing the books without laying people off. But layoffs are an absolute last

resort because I have no appetite for putting someone in the position of going home and telling his or her family, that through no fault of their own, they no longer have a job.

Now that I've hung crepe paper all over the auditorium tonight, let me tell you how we will cope going forward. In all these financial difficulties there are opportunities. We have an opportunity to reinvent, re-engineer and redesign Oakland County government. It will obviously be much leaner. But I pledge to you tonight we will continue to provide the best service possible to our residents, preserving the quality of life that we've come to expect here in Oakland County.

Restructuring county government will be the order of the day as we face a never ending cycle of budget cuts. According to the Citizens Research Council, a respected non-partisan public policy research organization, our state will be forced to grapple with budgetary problems at least to the year 2009. That means that those of us in leadership positions in government will have to become more creative in dealing with our personnel and financial challenges.

An example of such creativity on our part is how we dealt with the fact that so many of our supervisors and managers have recently opted for an early retirement. We have suffered a significant drain of talent and loss of institutional history. But pre-planning on our part will make the transition easier. We instituted a "succession management program" last year that will enable Oakland County to rebuild its leadership corp. The first class of individuals who were selected on a very competitive basis for enrollment in our leadership academy are now being trained and groomed to fill the leadership vacuum created by retirements.

County government must clearly adjust to the budgetary cuts and expected employee layoffs. Those still employed will have to be given the tools to generate more work with less support. It can and will be done. Oakland County began investing heavily in technology several years ago, realizing that those dollars were

in fact an investment in upgrading the skills of our employees who will now be forced to do more work because the desk next to them is vacant.

Over the past several years, my Administration has invested more than \$100 million in technology. That investment has directly benefited the citizens of Oakland County as well as our 61 local communities. For example, we have made available to our cities, townships and villages a smorgasbord of technology options ranging from GIS - Geographic Information System - to OakNET, the 380 mile fibre cable that links our 61 communities for the first time, to CLEMIS - the Court Law Enforcement Management Information System - the largest crime data sharing network of its kind in the United States. This investment over the years has returned huge dividends as we grapple with the reality of budget and personnel reductions.

The technology that we have shared with our local communities in turn gives them the flexibility to use their strained financial resources for such essential local services as putting cops on the street, snow removal, trash pick-up, and ensuring adequate fire protection.

The upgrade and redevelopment of the Oakland County website has made it possible to add an e-government component to our menu of online services. Now citizens, from the convenience of their homes or offices, are able to register an assumed name, apply for a marriage license, request birth or death certificates, download a Friend of the Court handbook, find an Oakland County park, obtain an annual vehicle permit, and so on. Each month more and more services are coming online as we continue to utilize technology for the benefit of our citizens.

Careful planning, sound business practices, and innovative thinking have given Oakland County a solid foundation from which to successfully confront the financial challenges before us. We've been prudent, but visionary in our approach to governing.

Outside objective experts agree with that assessment. On Wall Street, Moody's Investors Services gave Oakland County a thumbs up last month by reaffirming our coveted AAA bond rating when we submitted a \$7.5 million building project. In continuing the county's AAA rating, Moody's praised our efforts to proactively address the current budget challenges and expressed confidence that our county's financial situation will remain strong given its current fund reserves, tax growth and favorable debt position. Sure, problems yet exist to be solved, but I suggest to you that my Budget Task Force, working hand and hand with the Board of Commissioners and the other countywide elected officials, is more than equal to the task. Someone once said, "Challenges are what make life interesting; overcoming them is what makes life meaningful."

A YEAR IN REVIEW

Now if I might, I'd like to switch gears and spend a few moments reviewing some of the successes we enjoyed during the past calendar year since I last reported to you.

Automation Alley, the consortium of high-tech companies that I launched three years ago, continues to polish the image of our area as one of America's premier technology clusters in the United States. Most notably last year we hosted a highly successful trade mission to China that exposed 14 of our local companies to one of the most fertile international markets in the world. Automation Alley's partner, the U.S. Department of Commerce, called it one of the best and most successful trade missions they had ever participated in. During that trip to China, we engaged in more than 200 prearranged face-to-face meetings between our companies and Chinese firms who shared a common interest. Those meetings resulted in a flurry of productive discussions that paid off in signed contracts, potential trade agreements, and the promise of future business deals.

Novi-based Evolve Corporation laid the groundwork for a potential multi-million dollar business deal for the company's bathroom ventilation systems. Auburn Hills-based Analytical Process Systems reached agreement with a Shanghai company to become the firm's authorized agent in China.

The Wireless Source of Bloomfield Hills may have struck the mother lode by tapping into a previously undeveloped market. Although China has the largest mobile phone network in the world, only ten percent of the population has access to it. Cell phone ownership is beyond the financial means of most Chinese who earn only about a dollar a day.

The success enjoyed by the 14 local companies traveling to China with Automation Alley demonstrates the tremendous business opportunities available for small and mid-size firms in the global marketplace.

The sustaining piece of our trade missions is the Automation Alley Trading Company. The mission of the Trading Company, which meets quarterly, provides a forum for small and medium sized businesses that want to learn how to succeed in global trade. Participants in the Trading Company can avail themselves of networking opportunities, panel discussions, speakers who are experts in international trade, and a CD Rom interactive toolbox that contains the ABC's of exporting.

We scored another direct hit when Automation Alley inked a Cooperative Research and Development Agreement, or CRADA as it is known. This CRADA Agreement was entered into with the National Automotive Center, a division of the U.S. Army Tank Automotive Research, Development and Armament Command (TACOM) in Warren.

This unique agreement gives Automation Alley members the keys to the front door of TACOM's facilities, information systems, and expertise related to high performance computing, ground vehicle simulation, information technology,

and other services. Automation Alley's new-found high-tech partnership with the U.S. Army further enhances Oakland County's image and reputation as a world class technology leader.

Automation Alley's Association of Interactive Professionals, known as Glima, also lends credibility to Automation Alley's claim as a world-class center for technology. Glima makes a convincing case that Michigan is America's hub for high-tech employment, and as such, offers career diversity and high-paying jobs.

Glima chapters are up and running in southeast Michigan, Grand Rapids and the Kalamazoo-Battle Creek area. There is also interest in establishing Glima chapters in Flint, Traverse City, Lansing, Ann Arbor, Marquette, Toledo and Windsor. We hope to soon announce an affiliation with a sponsor to financially support our statewide Glima network.

Most recently, my deputy Ken Rogers returned from an Automation Alley-related trip to Washington, D.C. He returned with commitments from high level officials in the Department of Commerce and Department of Defense to align themselves more closely with the opportunities to expand defense-related business with Automation Alley.

Clearly, Automation Alley's reputation now extends from Silicon Valley to the halls of the Pentagon. This is all the more significant given the fact that many technology organizations are going out of business or have been stagnated this past year. Automation Alley continues to grow and prosper. Membership increased 20 percent in 2001 and 15 percent this past year. Automation Alley's expanding roster of nearly 500 companies demonstrates the value that the members place in their association with this extraordinary consortium of visionary businesses.

While I came up with the concept of Automation Alley, to be honest, that was the easy part. To breathe life into it and make it successful, to develop it to the

point where it has caught the eye of the Pentagon and the Department of Commerce in Washington, D.C. took the hard work and dedication of one man who has eaten, drank and slept Automation Alley around the clock. I want to recognize the herculean contributions given to Automation Alley by Deputy County Executive Ken Rogers.

OAKLAND COUNTY BUSINESS EXPANSION

When it comes to business in Oakland County, we held our own last year. Despite a tough economy, Oakland County led the state with business expansions and new businesses. We recorded 250 projects that created 3,700 new jobs. Overall, \$234 million was invested which generated in turn \$5.7 million in new taxes. This could not come at a more propitious hour given the economic pressures faced by Oakland County government.

A kissing cousin to Automation Alley is the Oakland County Business Roundtable launched back in 1993. It capped off another productive year in 2002 by coming through with a wide range of ideas and recommendations to enhance Oakland County's strong business climate while protecting and preserving our unsurpassed quality of life. Over the past ten years, 82 percent of the Business Roundtable's recommendations have been implemented, which is a testament to the hard work and dedication of the men and women who sit on this Blue Ribbon Panel.

The success and notoriety of the Business Roundtable was evident this past December when Governor-elect Jennifer Granholm appeared at the organization's year end annual meeting in her only public appearance following her November 5 election. She said she viewed Oakland County as a model of how important it is for government to partner up with the business community. I would look for similar initiatives at the State level.

In past years you've heard me report on the exciting Mainstreet program in Oakland County. Mainstreet Oakland County is an extension of the National Mainstreet Center of the National Trust For Historic Preservation housed in Washington, D.C. The National Mainstreet Center works with communities across the nation to revitalize their historic or traditional commercial areas. In other words, they are downtown revitalization specialists. With an interest in historic preservation, the Mainstreet approach has also proven to be an effective tool for economic development. While the national Mainstreet program has been previously restricted to meeting the needs of some 1700 cities around the country, a couple years ago I thought why not submit an application on behalf of Oakland County to see if we could gain membership. In 2001 Oakland County became the first county in the nation to be accepted into this unique program. We now have access to some of the best and brightest urban planners and urban revitalization experts in the United States. Since 2001 the Mainstreet program in Oakland County is responsible for generating over \$73,000 in new public and private investment in six of our downtowns, with the majority of the money spent in the DDA districts for new buildings and business improvement. Our participation in the national Mainstreet program has resulted in job creation, 133 new businesses were established, and 485,000 of square feet of new floor space was constructed in 15 new buildings. We are delighted to be the only county admitted so far into the Mainstreet program, and it is paying huge dividends every day.

BIO-TERRORISM PREPARATION

It is an unfortunate sign of our time that because of the tragic events of 9/11 I must report to you on the state of our preparedness for a bio-terrorism attack. Since that tragic day in September of 2001, Oakland County has literally been

working around the clock to prepare for the possibility of a terrorist attack, and I am satisfied to report to you tonight that we are as trained and ready as any municipal or county organization can be. A bio-terrorism response plan has been developed that is comprehensive in outlining specific actions for handling any kind of disaster, be it man made or natural.

Much of 2002 was spent building an intricate mutual aid network of fire fighting agencies countywide capable of responding quickly to virtually any kind of emergency whenever and wherever it occurs. Oakland County's Emergency Response and Preparedness Division has worked closely with local fire departments to develop the Oakland County Weapons of Mass Destruction HazMat Mutual Training Committee. The objective is to increase the number of hazardous materials technicians while developing standardized training and equipment across the county.

To augment our trained personnel, Oakland County has purchased three hazardous materials trucks, technical and support equipment, self-contained breathing apparatus, a 35-foot mass-decontamination trailer, and portable decontamination tents.

By June, more than 200 hazardous material technicians will have been trained and suited up and ready to go. When it comes to being prepared for any kind of threats to public safety, no other county in Michigan will have more trained personnel and equipment standing by than Oakland County.

The real test of our preparedness will come in September when the largest regional hazardous materials exercise ever conducted in the State of Michigan will be held. This exercise will mobilize and deploy all four Oakland County mutual aid groups, the county's Health Division, the U.S. Army Chemical/Biological Support Team, and local first responders. These groups will be deployed to two separate but simultaneous events at opposite ends of the county.

I must recognize the outstanding work of our Emergency Response Preparedness manager Michael Sturm who I introduced last year at the State of the County Address, as well as the expert work and commitment of our Sheriff, Michael Bouchard whose leadership in this area is unmatched.

NEW NATIONAL CEMETERY

This past September, the Department of Veterans Affairs completed the purchase of a 544-acre site in Holly Township that will be transformed into a new national cemetery. The cemetery will serve as a final resting place for approximately 460,000 veterans who live within a 75-mile radius of the site. The new cemetery should be ready for the first burial sometime next year. The only other Veterans' cemetery located in Michigan is at Fort Custer near Battle Creek.

I am delighted that Oakland County was awarded the distinction of a national cemetery. It will be a fitting and appropriate resting place for the men and women who have given so much to their country. This national veterans cemetery in Holly would not have been possible without the long hours of dedicated service rendered by Mike Zehnder, whose responsibilities include management of our Veterans Affairs Department. Congratulations, Mike.

WEST NILE VIRUS

Last summer, Oakland County became painfully aware of a new menace in our midst. The West Nile Virus struck with a vengeance resulting in 187 confirmed cases and 20 deaths in Oakland County - a grim statistic which unfortunately put us first in the State when it came to loss of life.

Late Fall I brought in Dr. Tom Gordon, my Director of Health and Human Services, and George Miller, Health Officer for the Oakland County Health Department, and laid down a very simple but straightforward charge: by January of

this year I wanted a thorough, comprehensive all-out assault plan on my desk that will meet head on the threat posed by the West Nile Virus in Oakland County. They came in with a plan, all right, which I am confident will soon become the model response for other counties in this state, and for that matter in the nation. Our plan is multi-faceted which emphasizes, first of all, personal responsibility, coupled with a program of larvaeciding that kills mosquitoes where they breed (catch basins, standing water, etc.), and focused spraying throughout the season every 30 days.

In our plan, spraying will be confined to green areas. Neighborhoods are off limits because of our concern for residents with respiratory illness and those with immune systems that could be compromised by asthma, emphysema or other health problems. Sprays used to kill off adult mosquitoes are toxic and contain nerve agents that can be especially harmful to people with respiratory problems. So, again, our spraying will be focused where it is likely to do the most good.

Each community has been given a binder specific to their location. It contains maps produced by our sophisticated GIS system that have identified in each community areas where we recommend spraying should be conducted that will have the highest impact in mosquito suppression.

This program booklet also contains a section set aside for teachers to educate their students on the facts and dangers of the West Nile Virus. There is a CD enclosed for training purposes along with printed materials and an invitation to participate in a third through the sixth grade poster contest with appropriate prizes for the contest winners.

Each booklet contains general information from the Center for Disease Control as well as the Michigan Public Health publications on the best way for individuals and communities to protect themselves.

West Nile is a national health threat that unfortunately is here to stay. It's moved from the east coast to the west coast at an alarming rate of speed. Our responsibility is to mobilize the resources necessary to minimize the impact and reduce the health risks it poses. We are committed to doing so because if government has any function at all, its primary function must be to protect the health and welfare of its citizens.

I feel so strongly about my commitment to help the residents of Oakland County to ward off the threat of West Nile Virus that despite all the budgetary woes that you've heard me talk about tonight I still have managed to recommend an appropriation of \$500,000 to launch this program in partnership with our local communities.

THIN CLIENT COMPUTING PLAN

With the approval of the Oakland County Board of Commissioners, I intend to implement an innovative information technology program this year that will help reduce IT operating costs. The so-called "Thin Client Computing Plan" could ultimately save the county \$16 million over the next nine years. The \$3,000 personal computers now used by employees will be replaced over time with \$800 machines that look like a computer in a small box. Most of the computing functions will be transferred to the 200 servers located at our Information Technology building.

In addition to saving the county millions of dollars, Thin Client will improve efficiencies by reducing continuous time consuming and costly upgrades to employee software and hardware.

QUALITY OF LIFE

The one common bond Oakland County shares with other communities nationwide is the joint struggle to balance the books. What separates Oakland County from the rest is its unique and unsurpassed quality of life.

We enjoy the fourth highest per capita income of any county in America with a population of more than a million people. When it comes to housing values, Bloomfield Hills and Lake Angelus rank one and two in the state. Royal Oak's Beaumont Hospital was recently named one of the ten best hospitals in the nation. Michigan AAA Magazine in its April edition handed out awards to Kensington Metro Park in Milford for the best bike path; Somerset Collection in Troy for the best shopping mall; Red Knapps Dairy Bar in Rochester for the best shakes and malts; and the Detroit Zoo in Royal Oak for the best place to have fun.

Oakland County's quality of life also boasts an array of signature summertime events that attract millions of people each year.

The exciting summer season kicks off in July with Quake on the Lake. An estimated 24,000 people attended the hydroplane races in 2002 which were held on Pontiac Lake in Waterford Township. New American Powerboat Association speed records were set in two separate classes.

Next up is the world famous Woodward Dream Cruise in August. This past year a crowd of 1.7 million people lined the route from Ferndale to Pontiac to witness firsthand the classic beauty of the vintage cars. The Dream Cruise has become a true international event which is covered by the BBC in London and CNN. It's also listed in the Library of Congress as the number one event to see in Detroit area each year.

The icing on the cake is Arts, Beats & Eats held in downtown Pontiac over the four-day Labor Day Weekend. Since the County kicked it off in 1998, Arts, Beats & Eats has grown steadily in scope and prestige. An estimated 1.3 million people turned out in 2002 to sample the food, enjoy the music and browse the art.

But serving up family-style fun isn't the only thing this event is known for. It also raises a lot of money for charity. In 2002, 39 Oakland County charities received checks totaling \$363,000, an increase of ten percent from the year before. Since the first festival in 1998, charities have divided nearly \$1.2 million.

AWARDS

Whatever measure of success Oakland County has achieved as one of America's premier local units of government is directly attributable to the dedication and hard work of our 4,500 employees. These front line soldiers routinely do some "not-so routine" things.

Melissa Hardenburg was recognized this past year for saving the life of a 16-year old Children's Village resident who was choking. Children's Village employees David Burmeister, Norman Guess, Michael Hoye, William Richardson, Jr., Cynthia Montgomery and Paul Binelli received life saving awards for coming to the rescue of a 15-year old boy who attempted suicide.

Life saving awards also went to Health Division employees Linda Graves for saving the life of a choking child, Debra Baldwin for assisting in the delivery of a pregnant inmate, and Lisa Fockler for administering CPR to a drowning victim.

These individuals represent the highest caliber of employees who work for Oakland County and I am proud of each and every one of them.

This past year the National Association of Counties – NACo – again recognized Oakland County for excellence. Receiving NACo Awards were Children's Village for creating a Youth Specialist Training Academy; Information Technology for the OAKNet Program and the PBX Telephone Switching System which has saved Oakland County \$600,000; Planning & Economic Development for organizing the trade mission to Germany and developing the Shiawassee and Huron Preservation Project; and Veteran's Services for its Flag Case Program which is unique in the country.

The Department of Information Technology also received the first Annual Silver Seal of Good e-Governance Award presented by the Joint Center for e-

Governance for best practices and innovation in county level e-governance initiatives. I.T. also received recognition for the Oakland County Internet Web Site from the National Academy of Public Administration and the Detroit Free Press which selected the site as one of Michigan's Best for 2002.

Oakland County and Automation Alley's innovative Recycling Electronics and Pollution Prevention (REAP2) Program was named among ten national finalists for CoreNet's 2002 Global Innovators Award. CoreNet Global, the world's largest corporate real estate network, honors projects annually that "exhibit excellence in the strategic management of corporate real estate, especially those that incorporate new and innovative practices that meet the needs of an e-business world."

Oakland County Parks walked off with the Bronze National Aquatic Safety Award for consistently exceeding criteria for aquatic safety certification.

My confidence in Oakland County's ability to get beyond this current budget crisis is reinforced by the knowledge we are blessed with one of the finest Management & Budget teams in the nation. This past October, Oakland County earned the distinction of becoming one of only four local units of government in Michigan to ever receive all three awards presented by the Government Finance Officers Association of the United States and Canada. The credit goes to Management & Budget's Fiscal Services Division which took home the popular Annual Financial Report Presentation Award for the fifth consecutive year, the Certificate of Achievement for Excellence in Financial Reporting for the eleventh straight year and the Distinguished Budget Presentation Award for the ninth year in a row.

Individually David Schreiber, supervisor of the county's Economic Development Team, was selected as Michigan Economic Developer of the Year for 2002 by the Michigan Economic Development Corporation. Deputy County Executive Doug Williams received the 2002 Leadership Recognition Award from

the National Association of Government Defined Contribution Administrators for Oakland County's Deferred Compensation Plan. The Personnel Department's Judy Fandale and Kathy Gaberty also earned the 2002 Leadership Award for their communication and educational brochures for the Deferred Compensation Program. My congratulations and thanks to all who distinguished themselves by their deeds and job performances this past year. You are the reason Oakland County has earned the reputation it enjoys as a world class community.

ADDITIONS AND DELETIONS

As county employees took advantage of the Early Out Program, the county Executive's office was not spared in the process. Four of my top staff have turned in their papers, each after a distinguished career. As they pack up years and years of memories into cardboard boxes, my MYQ begins to soar - that's my Missing You Quotient. Not only will I miss their counsel at my staff table, but I will miss their friendship developed over the great years that we've worked together.

First, I announce and regret the loss of Judy Eaton, Director of Personnel. Judy managed one of the largest departments of county government and did so with professionalism, confidence and poise. Keeping track of nearly 4500 employees, their hours, their work assignments, their appeals, their salaries, their benefits is no small task. But she made it seem easy. When the red flags of a budget crisis started popping up more than a year ago, Judy was one of the first persons I assigned to my budget task force to get a quick read on what we were facing. Her advice has been absolutely on target. She and her husband Tom, who has also turned in his paperwork, will be sorely missed in the Personnel Department. Her shoes will be tough to fill, and not just because they're high heels.

Stan Fayne, my Director of Risk Management and Safety, will be departing along with Judy. Stan's role is to protect the assets of the county, and from time to

time I have given him related projects like the Senior Citizen Prescription Discount program which he administered superbly and which is so successful in Oakland County today. Every time one of our seniors who does not have prescription insurance goes into a pharmacy in Oakland County or in Florida or in Arizona and gets a 20 - 30 percent discount in their prescriptions, they can thank Stan Fayne for his good work.

Joining the retiring Judy and Stan is Jean Chamberlain who served admirably in the role of the South Oakland County Liaison. When I became Executive in 1993 I told the south end communities that at long last you will have a voice at the table in the Administration. The voice I hired and the advocate who took on the responsibility of speaking on behalf of the south end communities was the uniquely qualified Jean Chamberlain. I probably get more letters from citizens and south end mayors on the work done by Jean Chamberlain than I do anybody else in my Administration. Oakland County will miss Jean Chamberlain, but nobody will miss her more than the south end communities on whose behalf she advocated so firmly.

And finally making up the quartet of my inner circle that's leaving is Suzy Vogt who is my Director of Special Projects. I can assure you that every time something comes along that doesn't fit into any particular pigeonhole, it goes to Suzy for consideration, and then ultimately implementation. Her duties range from organizing the applications for National Association of County Officers recognition awards, all the way down to the feel-good Employee Easter Egg Hunt.

By the way, the Easter Egg Hunt was a real hoot. We expected 400 to show up the first year, and 1600 showed. The second year nearly 3,000 people turned out. Everybody had a good time without charge, and it was an event the retirees, their grandkids, our present employees and their children look forward to. It's

always been a fun day due to the fact that every conceivable detail to ensure a fun event was planned out in advance by Suzy.

And, Suzy, on another note, it goes without saying once again we in Oakland County, and certainly within our Administration, extend our condolences to you on the loss of your husband Dick who unfortunately passed away last month. Many of us had the pleasure of knowing Dick, and we're richer for that experience.

But as these good folks leave the ranks of my Administration, I have been delighted to welcome two new Directors over the course of this past year. Kristie Everett Zamora came aboard as Director of Arts, Culture and Film this past March. She comes to us with impeccable credentials from the Flint Institute of Arts where she served as a curator. Kristie has proven to be a wonderful asset for Oakland County during her brief time with us, and has truly brought the arts to the forefront of young and old alike with a plethora of programs.

Another new appointee is my Director of Management and Budget, Laurie VanPelt, who I promoted from within the ranks of the department. Laurie succeeded Jeff Pardee, and in light of the current budget situation she may be viewing her promotion as more of a curse than a blessing. But I can tell you this diminutive, demure, quiet young lady is more than up to the challenge.

Laurie is a success story within our Administration. She worked her way up through the ranks from a typist position in 1978 to head a 222-person department and oversees and makes recommendations on a half a billion dollar budget. Her advice during the crisis, both past and present, is invaluable to me in making the ultimate decisions on which programs will stay and which programs we eliminate. She's a no-nonsense lady with strong academic credentials and proven skills. Knowing she is Director of my Budget Department at this point in time as we sail into uncharted waters in the months ahead gives me a great deal of reassurance.

Of course, as people leave county government after a long and distinguished career, that makes room at the top for further promotions of other talented individuals standing in the wings. I would like to announce several of those appointments this evening.

As Judy Eaton vacates the directorship of the Personnel Department, I have appointed Ed Poisson to take her place as Director of Personnel. Ed presently serves as Deputy Director of Management and Budget under Laurie VanPelt and comes to us recently from the private sector where he had vast experience in accounting and finance systems implementation and strategic planning and analysis. He has a Masters Degree from the University of Detroit and a candidate for Ph.D. degree in Economics from the University of Notre Dame. Having moved Ed out of his role as Deputy Director to Laurie VanPelt, it's safe to say Laurie hasn't spoken to me since.

Succeeding Stan Fayne in the position of Risk Manager, I have appointed Julie Secontine. Julie presently serves as an Assistant Corporation Counsel and has distinguished herself in that capacity as a very bright and aggressive trial lawyer who I know will bring that same energy and passion to her new job as Risk Manager.

There's yet one other appointment that I would like to confirm tonight. This appointment is rather unique. As you may know, one of my departments is the Animal Control Unit. It has been led for the more than a decade by Sandy Gay. Unfortunately, Sandy took the early out - which she certainly was entitled to after 34 years of service to Oakland County - and she will be missed because she was one of our most outstanding employees. To fill her position I needed to find somebody with the same level of professionalism and enthusiasm, and I have appointed that person this week. I'd like to announce that County Commissioner Larry Obrecht will soon resign his position on the Board of Commissioners and

join my Administration as the new Manager of the Animal Control. If he brings the same level of energy and commitment that he displayed during his years as a County Commissioner, then I know I've got the right man for the job.

SENIOR CITIZEN COORDINATOR

You've heard me speak at length tonight about the budget crisis Oakland County is facing and the reduction of our employee ranks through a hiring freeze and an Early Out program. The fact that I have chosen to fill a vacant position this week with a new appointment should give you some indication how important I believe this individual will be in service to the residents of Oakland County. Monday of this week I filled the position of Senior Citizen Coordinator. For me that position impacts the health and welfare of a huge segment of our population. As Oakland County grows, so, too, does its senior population. Today they number over 200,000 strong.

I first became acutely aware of the special needs of seniors when we developed and launched the Senior Citizen Prescription Discount Program. I received many letters from seniors who were so appreciative of our effort to reduce the escalating cost of their necessary prescriptions. To be honest about it, their letters were heart wrenching. And the more I read them the more I felt there was much more we could do for our senior citizens. After all, ladies and gentlemen, look about you here in Oakland County: look at the quality of life that we enjoy, and in some cases we almost take for granted. Our beautiful downtowns, our incredible park system which has over 89,000 acres in Oakland County, our extremely competitive schools that are the envy of the state, shopping malls, restaurants, and most importantly a community where kids can walk to school, and grandkids can play on the swing set at the playground, and your wives can shop in the neighborhood stores, all in safety. All of that did not happen by accident, it

was built by the hard work and vision of our senior citizens, who as far as I am concerned, have paid their dues.

I have brought on board as a Senior Citizen Advocate Lynn Alexander who recently left the Engler Administration where she served as Director of Michigan Offices of Services to the Aging. I want Lynn to pick up where she left off in her State position and advocate on behalf of the seniors in Oakland County: scour the federal and state grants to see if there are any programs that we can access that will benefit our seniors; look for opportunities to expand existing programs, like our prescription drug program that helps seniors without coverage; help launch our West Nile Virus program since, unfortunately, the senior citizens were most vulnerable and represent the highest percentage of deaths in Oakland County from this new disease.

Ladies and gentlemen, it would be a crime if we do not pay our debt to our seniors. In Oakland County, we will make sure that our seniors are respected and protected; that they will have access to the best programs for their health and welfare; and that they will have a voice in my Administration because they deserve no less. The person I have asked to be the advocate for the seniors is in the room tonight. I would like you all to meet Lynn Alexander. Lynn, please stand up.

C. HUGH DOHANY

Now, if I might, a personal note on the untimely death of a friend and colleague.

C. Hugh Dohany. Hugh was a pioneer and a visionary in the truest sense of the word. It's hard to imagine Oakland County government carrying on without this kindly gentleman, sitting behind his desk in the Treasurer's Office. Hugh, as most of you are aware by now, died in December, just a few days before Christmas.

Hugh Dohany leaves behind a legacy of achievement and excellence that is unequaled. Hugh played a part in shepherding through the first appropriation for computers as a member of the old Board of Supervisors. As a member of the Building Committee, he played a major role in securing the land on which the current courthouse now sits.

Always the innovator, looking for new and better ways to serve the citizens of Oakland County, Hugh Dohany was responsible for developing legislation that established Michigan's first Delinquent Tax Revolving Fund. Today, there is nearly \$200 million in the fund, which is one of the main reasons Oakland County has been able to achieve a AAA bond rating from Wall Street and keep it.

During Hugh's 34-year tenure as Oakland County Treasurer, his wise and prudent investment practices generated nearly \$2 billion for the county.

As the dean of treasurers in the State of Michigan, Hugh Dohany will long be remembered for his leadership role in bringing computerization into the Treasurer's Office, not just in Oakland, but across the State of Michigan.

If greatness is measured by the good that people do during their lifetimes and their contributions toward making this a better world in which to live, then Hugh Dohany was indeed a great man.

Following the passing of Hugh, it was a bittersweet moment when his very talented son Pat Dohany was appointed to fill out the unexpired term of his father. I've dealt with Pat on several of our bond meetings in New York City when we were quizzed by the best at Moody's Investors Services and Standard & Poor's, and Patrick acquitted himself extremely well. There's no question he has the experience and the talent, and it's obvious that he had a good teacher.

CLOSE

2003 will be a year of challenge and opportunity for Oakland County. The challenge of maintaining quality service while avoiding cuts to the bone that would impair our service level. It will be a year of redefining what government is and how we do more with less.

We have our work cut out for us in the coming months. It will not be easy. Sacrifices will be required. Many painful decisions will have to be made as the budget battle rages. But I am optimistic and supremely confident that Oakland County will weather the storm and emerge stronger than ever before.

I would like to close tonight by thanking my colleagues, the other county-wide elected officials, for stepping up to the plate and doing what was needed in order to address the budget shortfall to date. As a group, they met and even exceeded their budget reduction targets set for Phase I by more than \$2 million total. They know, of course, there will be a Phase II, a Phase III, and perhaps even a Phase IV as we meet the challenges brought on by ever-fading state revenues.

And to the Oakland County Board of Commissioners, I salute you as well for your support and cooperation as we work cooperatively to meet the fiscal challenges that confront Oakland County. While I propose, it is you that dispose. It has to be a team effort, and I want the public to know tonight that the team is in place and we're batting 400, and the pennant is in sight. The Board and I will be judged at the end of this year by several benchmarks: the maintenance of a AAA bond rating; the maintenance of a 4.19 county property tax rate that is the lowest in Michigan; the maintenance of a strong Delinquent Tax Revolving Fund, the

financial lynchpin of our government; the maintenance of a superior technology infrastructure that ranks among the best in the nation.

To my fellow citizens of Oakland County, I ask for your continued support as we face these difficult times. You should take comfort in knowing that you have working on your behalf the best team in local government any place in this state.

Thank you, and good night.

**L. BROOKS PATTERSON
OAKLAND COUNTY EXECUTIVE**