

L. Brooks Patterson
Oakland County Executive

2008 State of the County Address

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I. Introduction

Good evening, Ladies and Gentlemen:

For almost a decade and a half now, we have gotten together, you and I, annually, on a cold February evening to review the state of Oakland County. We look at where we've been, where we are presently, and where we are headed.

My reports to you in past years have been upbeat and optimistic. Tonight will be no different.

Looking at some of the things happening here in Michigan, it would be easy to be pessimistic about our future. But that isn't what this evening is all about. Tonight the message is one of optimism - because quite frankly we have much to be hopeful and optimistic about, especially in this County of Oakland.

So if you were to ask me what is the state of Oakland County on this cold February night in 2008, my answer would be: Oakland County is ready. We are ready to lead southeast Michigan and the entire State back to prosperity.

We are ready for the challenges of a tough economy because we are still a AAA rated county with a talented and tested team on the job.

We are ready to lead because the programs that we have put in place these past 15 years are spinning off a significant return on our investment of time, talent, and leadership.

We are ready because we have invested heavily in technology and the benefits are coming home to roost as I speak tonight.

We are ready to continue our role as the economic engine that drives the State economy.

We are ready because we have consistently taken the long range view in everything we do. And this critical, intentional, patient, long term planning is a reoccurring theme you will hear about over and over tonight.

Winston Churchill once said: "The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty."

I am an optimist. An optimism born not of wishful thinking, but based on realization of the talent that surrounds me here in county government and seeing programs that we have initiated over the years now bearing fruit.

Programs such as Emerging Sectors, Wireless Oakland, Automation Alley, Main Street, Mandarin Chinese being taught in our schools. These programs and the talent it takes to execute these programs gives me - and it should give you - confidence that our future is indeed a bright one.

Let me start tonight by taking a quick look at some of our major programs and how they have fared over the past 12 months.

II. 2007 in Review

Mandarin Chinese

Last year, in my State of the County Address, I expressed my desire for Oakland County to be the first county in America to teach Mandarin Chinese in all of its 28 school districts. If you recall, I underscored my reasons: China is an emerging economic powerhouse, a fact we're going to have to confront, sooner than later.

The Congressional Research Service of the Library of Congress predicts China will be the world's largest exporter by 2010, and the world's largest economy by 2020. (Just last year I said they would be the largest economy by 2025, so you can see how quickly the needle is indeed moving.)

There is data to support this claim of China's emergence: between 1975 - 2005, China's average GDP had grown by 9.6% annually. Research and development expenditures in China have soared from \$17.9 billion in 1995 to \$113 billion in 2004.

I want our kids and grandkids to be ready for the economic challenges posed by such an emerging power in the world market. We can do that by studying their history, their culture, and learning their language.

As I told you last year, they know our language: more English is spoken in China today than is spoken in America.

So last February I challenged our 28 public school districts in Oakland County to undertake the teaching of Mandarin Chinese. I enlisted the support of the Oakland Schools Superintendent Vickie Markavitch, the lady who introduced me tonight. I asked for her support and that of her 28 superintendents with whom she works on a daily basis.

To their credit, Vickie and the superintendents readily accepted the challenge. Less than a year after presenting my proposal, Mandarin Chinese is being taught in 14 Oakland County School Districts, beginning this past September. Chinese history and culture are being taught in all 28 school districts. It is the superintendent's intention to bring the remaining 14 districts on line next year so we will have Mandarin taught across the entire 910 square miles of Oakland County.

How well is it going, you might ask? Well, if a picture is worth a thousand words then what is a demonstration worth?

Ladies and gentlemen, I would like to introduce to you Lingmin Zhang who is with the Lessenger Elementary School in the Lamphere School District. She is one of seven English speaking teachers recruited from China, currently instructing in 14 of our Oakland County school districts. Ms. Zhang, please give the audience a demonstration of what these preschoolers have picked up in only five months of instruction.

[27 preschool students take the stage for a demonstration of their Mandarin language skills.]

Aren't those kids precious? Ladies and gentlemen, let's give them a round of applause.

Understand now, they've been learning Mandarin since mid-September.

And, by the way, Ms. Zhang "Xin Nian Hao." (Happy New Year.) This is the first day of the Chinese New Year.

Emerging Sectors

As I said earlier, one of the reoccurring themes that you will hear tonight in my remarks is how we here in Oakland County prepare for the future by adopting the long range view in everything we do.

To my credit, and to the credit of my staff, and my colleagues in county government, we are not into immediate gratification, or into four year election cycles. Rather, we design innovative programs that hopefully will be engrained into the very fabric of Oakland County government and continue to pay huge dividends to you and to the 1.2 million residents of Oakland County long after I am gone.

In addition to the Mandarin program, which I fully anticipate will become a staple in our educational system for decades, consider other long term programs we have put in place such as Emerging Sectors. This program, which I have mentioned in past State of the County Addresses, was a response by me and my team to address the transformational change occurring in Michigan's private employment sector at this very moment in history.

We took note of the rapidly disappearing manufacturing jobs, the marrow of the Michigan economy for decades. A total of three million of those jobs nationally have disappeared since 2000, including the loss of 400,000 manufacturing jobs in our own State of Michigan.

We have not been immune in Oakland County to this economic restructuring - we've suffered job losses and reached staggering heights in mortgage foreclosures. We didn't panic, we didn't complain, and we sure as heck didn't quit. We responded with long term programs, such as the Emerging Sectors initiative, where we have identified ten sectors of future economic opportunity, all bound together by the common denominators of high-tech, high quality, high paying jobs. Jobs that naturally fit into Oakland County's scheme of things: a county which today can boast 49% of our residents have at least a college degree or better. (Far surpassing the national average of 27%.) We have every right and expectation to go after those better paying jobs.

We looked out 10, 20, and in some cases 30 years - remember the long term view that marks the programs that we have initiated - and tried to divine what would be the future areas of economic development. There are ten sectors of economic development that my team has identified. Then we set about to position Oakland County to take a commanding lead in those sectors so we can remain the robust economic leader in the state for decades to come.

Here are the 10 economic development sectors that we are focusing on:

- Advanced Electronics and Controls
- Advanced Materials and Chemicals
- Alternative Energy and Power Generation

- Biotechnology
- Communications and Information Technology
- Healthcare, Finance, and Fast Growth
- Homeland Security
- Medical Devices and Instrumentation
- Micro/Nanotechnology
- Robotics and Automation

We researched this approach in depth in 2003, launched Emerging Sectors in 2004, and the early returns on this economic development initiative are extremely encouraging. In a little over three-and-a-half years we have attracted nearly one billion dollars in new investment. (Keep in mind I'm talking now just about those companies that fall within the framework of the Emerging Sectors program. Other companies obviously have come to Oakland County, but are not counted as part of these totals.)

In addition to the nearly one billion in new investment in the last three-and-a-half years, we've created over 9,000 new jobs within these sectors; and in return these sectors have spun off \$24 million in new tax revenue for federal, state and local governments. I give major credit for the success of this unique Emerging Sectors initiative to Dennis Toffolo, my Deputy, and Doug Smith, Director of Economic Development and Community Affairs.

The Emerging Sectors program will, I am absolutely convinced, diversify the economic base of Oakland County. These vibrant economic sectors will insure that we never go through the struggles we're facing today because our one main industry has been forced to undergo a total restructuring.

I think it's important to point out that we are not turning our backs on manufacturing. It is still an important part of who we are and what we do. Southeast Michigan in general, and Oakland County in particular, enjoy a rich heritage of designing, engineering and building products locally. Of the \$16 billion spent by the auto industry annually on R&D, \$12 billion, or 70%, is spent right here in southeast Michigan.

Automation Alley

Complementing Emerging Sectors' quest to bolster Oakland County's economic growth and sustain future business development is a program that I have told you about in many past State of the County Addresses: Automation Alley.

Automation Alley is the high-tech consortium that we started nine years ago - again a long term program, a long term investment, and longer term benefits.

While Emerging Sectors' primary focus is to entice high-tech companies to locate and/or expand here, Automation Alley's main focus has been to legitimately brand this region as high-tech and support our small and mid-sized businesses in expanding business opportunities across the globe.

From a nucleus of just 42 companies in 1999, Automation Alley has grown to over 867 members today and should easily reach the 900 mark by the end of this year. It is clearly the largest technology association in Michigan and the Midwest, and ranks among the top 10% nationally.

Within the next few years, I expect Automation Alley to be the largest technology organization in America, rivaling or surpassing such technology powerhouses as Silicon Valley, Boston's Route 128, and North Carolina's Research Park Triangle.

Much of the credit goes to its leader, my Deputy and the Executive Director of Automation Alley, Ken Rogers.

One of the reasons Automation Alley has been so successful, in addition to Ken's leadership, is because it provides real value to its members. Over the past few years, trade missions to China, Mexico, India and Central-Europe have generated millions in new business for small and mid-sized Oakland County companies. In a global economy, these trade missions are essential and help sustain local companies by growing their business which, in turn, creates new jobs for our residents.

With over 300,000 technology workers, 82,000 technology companies, and 184 R&D institutions in southeast Michigan, Automation Alley is the "heart and soul" of the high-tech community right here in our region.

Wireless Oakland

A long range view was also the catalyst for Wireless Oakland, my plan to blanket Oakland County's entire 910 square miles with "free" wireless Internet service. A visit to Dubai, where wireless technology had been installed in a relatively small area - four square miles -

convinced me it could be done here in Oakland County, even though the area is significantly larger - 910 square miles.

In a high-tech global economy, companies have the option of locating anywhere in the world. So in order to compete successfully with other bidders for this business, it became imperative to offer the kind of innovative programs that will convince these companies to locate or expand in Oakland County, and not California, Dubai or Shanghai.

Wireless Oakland sends a strong, clear message to the world that Oakland County is "ready for primetime" and a player in the new 21st Century high-tech, knowledge-based economy of tomorrow.

All seven of our Phase I communities, covering 18.5 square miles and 35,000 homes, are up and running. Since coming online, 22,000 users have gobbled-up over 31 million minutes of "free" Internet service. This proves without any doubt or debate that the system, when deployed, does work.

Many of the calls we are getting at the county are from residents eager to know when Wireless Oakland is coming to their neighborhood. Frankly, the process has been slower than we would have liked. That's mainly because there is no roadmap to follow. Nothing has been done on this scale anywhere in the world before. Our 18.5 square miles of Wireless Oakland remains the largest wireless internet program in America today.

Our major partner on the project, MichTel Communications, LLC, has been working with private investors in an effort to move Wireless Oakland forward and to get it completed as soon as possible.

However, because of the uncooperative economy, the timeline for completion of Wireless Oakland will have to be pushed back at least to the end of 2008. I truly believe Wireless Oakland is coming, friends. It's just going to take a few months longer than we thought to get there.

Main Street

And finally, I want to make a quick comment about one other program that embraces a long term view. That's the popular Main Street Program that we embarked upon back in 2001. Main Street Oakland County is affiliated with the National Main Street Center of the National

Trust for Historic Preservation, housed in Washington, D.C. The National Main Street Center works with communities across the nation - nearly 2,300 cities - to revitalize the historic or traditional commercial areas. In other words, they are downtown revitalization specialists.

Back in 2001 I asked my Planning Department to apply on behalf of Oakland County to see if we could be admitted to the program. That year Oakland County became the first county - and remains the only county in the nation today - to be accepted into this unique program.

As you probably know, Oakland County has 61 communities, 32 of which have identifiable downtown areas. We've been inviting two downtowns a year to join the Oakland County Main Street program, and the membership today includes 16 of our finest downtowns.

So if you do the math, we've got 32 downtowns with two cities a year being added: it's a 16 year long program. And at the end of that 16 years, when we look back over our shoulders, we will see the hustle and bustle of our downtowns with new and refurbished investment; streetscapes with brick pavers; plantings; benches; new street lights; and a refreshed look for our older cities that, in some cases, like Rochester, date back to 1817.

Since 2001, Main Street has been a phenomenal success. Last year alone over \$45 million of public and private investments took place in these 16 downtowns, creating over 25 new businesses and 300 new jobs. Since 2001, a grand total of nearly one-half billion dollars in total new investment has taken place in these communities. I cannot be more pleased with the success of Main Street Oakland County program.

It is so successful, thanks to the talents of men and women in my Planning and Economic Development Department, that I am announcing tonight that we are going to be expanding the Main Street program into a new unique County program that we have dubbed "Oak Street." This program will be modeled after the Main Street program, but Oak Street will focus on the preservation and rehabilitation of our older residential neighborhoods, as opposed to downtowns.

These older, and many times smaller-lot neighborhoods, represent tremendous social and economic investment in our communities that must be protected. Our program goals will include the stabilization of existing neighborhoods; the attempt to increase property values; support resident and business retention; all with an eye toward creating a stronger tax base.

Oak Street. I'll be reporting on it to you in the future.

III. Technology

Ladies and gentlemen, I made a commitment shortly after I took office back in 1993 that Oakland County would invest heavily in technology. And we've done so over the years at a clip of about \$8 to \$10 million a year.

Technology has become the linchpin of Oakland County government. It's woven into the very fabric of everything we do from our 400 miles of fiber optic cable, to our Geographic Information System, to our highly acclaimed CLEMIS system (Courts Law Enforcement Management Information System), and everything in between.

We use technology not only to help citizens, businesses, and governments communicate in a wireless internet environment, but also to improve their access to vital county data. Our goal is to provide the best service possible so our customers can conduct their business "online" rather than standing "in line."

Our commitment to technology continues. The Oakland County website now boasts 22,000 individual pages of content and over 12,000 government publications, documents, forms, and reports. It has been recognized by the Center for Digital Government as one of the best government websites in the country. In fact, we received the 2007 Digital Government Achievement Award from the National Center for Digital Government. We also placed second among 3,000 counties in the "Best of Web" rankings by the Center for Digital Government. We were also named one of the nation's Top Ten Digital Governments in 2007.

In 2008 look for our technology to become even more interactive with the introduction of Web 2.0 that will feature podcasting and blogging. We will continue to invest and lead in the utilization of technology for the efficiency of our government for the long term.

The credit for these IT achievements rest in the corner of Phil Bertolini, one of my Deputies and CIO for the County, and the Director of IT, Ed Poisson. Congratulations, gentlemen.

IV. Cross Boundary Collaboration

Early on in my administration, we made a conscience decision to vertically integrate as much of our technology as possible and share it with the local communities when feasible.

As I said, we've invested more than \$150 million over the past 15 years. Much of that investment allowed us to provide our local units of government with the technology that they might not have been able to afford on their own. By making such high-tech tools as OakNet, CLEMIS, GIS, and OakVideo available to them at little or no cost, our local communities have been able to weather the storm of declining revenues and still enjoy the advantages that technology offers.

We call this sharing of technology with our local communities "cross boundary collaboration." Oakland County has emerged as a leader in such borderless collaborations because of people like Deputy County Executive Bob Daddow. He foresaw a long time ago the need for units of government to explore the consolidation of services in light of tough economic times looming on the horizon.

As a result of cross boundary collaboration opportunities, a program called the Capital and Cooperative Initiatives Revolving Fund, known as CCIRF, was developed to fund third party consulting to help local communities determine if a good business case could be made for consolidating departments or services. To date five such collaborative efforts have been completed or nearly completed, all in the area of police and fire consolidation.

However, there are several communities that are now looking into the feasibility of even broader-based partnerships involving consolidation of all services. I predict it is only a matter of time before this will occur. It's a manifestation of the harsh reality of the municipal budget challenges today in Michigan, and for that matter, in other parts of our country.

Cross boundary collaboration is a winning proposition for all concerned because it maintains services, creates greater efficiency, reduces costs and prevents layoffs.

This past year Oakland County's CCIRF program earned the "Best of Category" award from the National Association of Counties (NACo). We found ourselves in pretty exclusive company since only 14 of these prestigious awards are given out nationally.

V. Regional Cooperation

For fifteen years I've been preaching - protesting maybe - from this "bully pulpit" that Oakland County is a regional player. That message would seem to have fallen on deaf ears

because from time to time I've been excoriated in the media for not being "regional" enough. Mainly over such issues as Cobo Hall and regional transportation.

But, lo and behold, after all these years someone is finally listening - and actually understands what I've been saying.

After an article critical of me and Oakland County appeared in the Detroit Free Press, I invited its author, Steve Henderson, the deputy editorial page editor, to come up to my office for a presentation on Oakland County's regional efforts. My executive team and I told him about Automation Alley which has 867 members in eight counties and the City of Detroit. We told him the facts about CLEMIS (Court Law Enforcement Management Information System) which has 225 public safety agencies spread out across six counties. We told him about our partnership with Genesee County officials to expand service at Flint Bishop International Airport which now has eight airlines flying in and out of there, and is ranked as one of the fastest growing airports in America.

We also mentioned our involvement in the Eight Mile Boulevard Association, the Regional Skills Alliance, the Woodward Avenue Action Association which I started, One-D which is involved in branding and marketing the region, and the Road to Renaissance where we are assisting Wayne County's efforts to create an Aerotropolis near Metro airport.

We apparently made our point because a few weeks later, Henderson wrote a column entitled "Surprise! Oakland Leads on Regionalism." In his column Henderson wrote: "If you want to talk about which county is investing heavily in the kind of regional efforts that makes the things that help make government more efficient and business more successful - you won't find anyone doing more than Oakland."

So thank you, Mr. Henderson, for listening to our pitch and acknowledging what we've been saying all these many years: that Oakland County is indeed a regional player that wants to have a role in improving the quality of life for all the citizens in southeast Michigan.

At long last I think we have slain the boogeyman when it comes to Oakland County being unfairly labeled as a non-regional player. The true facts are in for anybody to assess, as Mr. Henderson did.

The fact that we are regional gives us the opportunity - nay the responsibility - to be a spokesman in the region, certainly for Oakland County. This role sometimes will put us at odds with our friends across Eight Mile. Take for instance the Cobo Hall issue.

We have an absolute right to disagree with others in the region when an effort is launched that is not fiscally prudent nor in Oakland County's best interest.

I've told you my philosophy on "regionalism" before. Perhaps it bears restating again tonight: if there is a program put forth that is good for the City of Detroit and Wayne County, and good for Oakland County, clearly I'm in. I'll be a supporter. If there is a program that is put forth that is good for Detroit and Wayne County and neutral to the interests of Oakland County, I'm in. I have no reason to oppose it. I'll be there as a supporter.

However, if there's a program that is good for the City of Detroit and Wayne County, but injurious to the interests of Oakland County, I will oppose it. After all, my duty is to represent you and Oakland County, not to be a hail-fellow-well-met in the liberal democratic circles of Detroit's society.

Specifically on Cobo: recently my friend Bob Ficano, Wayne County Executive, put forth a plan to expand Cobo and we in Oakland County have yet to sign on to this plan because, frankly, we have got some questions that have to be answered. It's just that simple. "What questions?" you might ask. Well, here are just a few examples of the kind of questions that we've raised that beg for answers:

1. The Ficano proposal would require a to-be-created authority to purchase Cobo Hall from the City of Detroit for \$20 million. At the same time there is also an outstanding charge for \$209 million for "deferred maintenance" on Cobo Hall. It seems that Cobo has been allowed to fall into disrepair for the last decade and a half, and \$209 million in repairs is needed to bring it up to code.

Our question: if we are being asked to cover the city's \$209 million deferred maintenance costs, why should the region pay an additional \$20 million to acquire a facility that has not been properly maintained by the city in the first place?

Fair question, I think you would agree.

2. The suburbs are being asked to pay a lion's share of the \$595 million to underwrite the costs of the Ficano Cobo expansion, plus an undetermined amount required for an annual operating subsidy.

Question: Will the construction jobs and operating vendors be selected through competitive bidding, without preferences, so that all vendors, including those who are outside the city's boundaries, will be able to have a realistic chance at bidding and securing construction business? Or, as it's currently on the table, will there be preferences so that 51% of the construction jobs go to the residents of the City of Detroit, even though the suburbs are paying most of the expansion costs?

3. Cobo Hall is an asset owned entirely by the City of Detroit. Don't you think it's important that as Ficano negotiates the expansion of Cobo and its subsequent sale to an authority, that the City of Detroit be at the bargaining table to express its views? Well, they're not. We have raised the question over and over to Ficano, "Where's Detroit?" "Why aren't they at the table?" "What gives you, Mr. Ficano, the authority to sell something that you don't own?"

4. Mr. Ficano, why do you expect us to be 50 - 50 partners with Wayne County in funding the expansion of Cobo Hall when, in fact, your very own expert, David Sowerby from Loomis Sayles, indicates there is almost \$600 million in economic benefits derived from the Cobo convention facility, with 60% of the financial benefits going to Detroit and Wayne County; 30% to Oakland County; and 10% to Macomb County?

If Wayne County gets twice the benefit, then why not twice the contribution?

That's a fair question.

5. If Cobo is truly a regional asset, then why are other counties in the region not participating? Where's Washtenaw County? Why has Macomb County been allowed to opt out?

These are just examples of some of the questions we have raised, and until we get answers to these and many more questions, Oakland County will continue to resist the Ficano plan.

By the way, if you want to see the entire list of questions that we have raised and remain unanswered, they are attached as an appendix to my speech; and you can find them on the County website as well.

VI. Oakland County Government Financial Outlook

As I stated at the outset, I am optimistic about Oakland County's future. The programs that are already in place and the many talented people we have looking out for the County's best interests give me every reason to believe that the tough times now challenging our state and region will be dealt with and overcome successfully here in Oakland County.

But that optimism doesn't alter the fact we are in the midst of a storm - a storm so turbulent that it has upended lives, swallowed up businesses and sent many people's hopes and dreams of home ownership crashing onto the rocks.

What you want in a storm of this magnitude is experience at the helm - which is exactly what you have in Oakland County. I'm not talking about Brooks Patterson here. I'm referring to the many men and women across the breadth of Oakland County government who have years of expertise in their jobs, backed by the determination and dedication to get it done right.

There's none more experienced, none more dedicated, than the finance team I have in Oakland County. Frequently called upon to testify both at the state and national levels on the complexities of government financing and recommended solutions to overwhelming financial challenges, my in-house financial team led by Deputy County Executive Bob Daddow and Director of Management and Budget, Laurie VanPelt, are tested, recognized experts in the field. Oakland County basks in the reflective glory of a AAA bond rating in no small measure due to their deft guidance of all things financial.

But as good as they are, and as dedicated as they are, there are some things that are beyond their and my control. For example, property values. In Oakland County they are declining precipitously and will for the foreseeable future. That will translate into severe budget challenges for Oakland County and our local units of government.

In my case, property taxes account for 62% of Oakland's general fund budget. For some of our local communities, it's even more critical - as much as 75%. So when you're staring down

the barrel of a projected 0.5% decline in property values, the potential is there to take a budget headache and turn it into a migraine.

As property values decline, there is a direct inverse relationship to the challenges we all face in government when it comes to balancing the budget. In Oakland County, in 2008 for example, the budget challenge that we must adjust to is a projected shortfall of \$5.1 million. In 2009, the shortfall challenge rises to \$14.8 million. In 2010 the shortfall we are estimating at this time could be as high as \$33.5 million.

Now, those numbers would be excruciatingly painful if we stood still at this point in time and did nothing. But of course, we are reacting now to avoid going over that cliff in three years.

Trust me, my Budget Task Force knows how to respond to these threatening numbers. We've been there before. In 1994, the budget shortfall was \$24.5 million and ten years later it reoccurred in 2004 with a \$33.7 million challenge. In both of those cycles we took quick and decisive action to balance the budget. We imposed a wage and hiring freeze, offered an early-out package, travel was banned; and the lid was clamped down on new capital projects. We made then, and continue to make to this very day, systemic changes in costly health care and employee benefits.

Since we anticipate a no growth situation in property values for the foreseeable future, Oakland County is likely to have budget challenges through 2014. For the current budget year, we have already begun to take the familiar remedial steps: there is a hiring freeze, a promotion freeze, and we are in the process of putting the finishing touches on a retirement incentive package for those who are eligible to retire. Obviously employees, with salary and benefits, are the most expensive component of any budget, and we will be attempting to reduce our ranks by 150 to 200 people through this retirement incentive effort.

You know, when someone gives you a lemon, they say the innovative person makes lemonade. (Or I like to say when someone gives you a tomato, the innovative person makes a Bloody Mary.) So my staff has been making lemonade these past couple of years in anticipation of tightening budgets.

One of the major steps taken recently to lessen the burden on the budget (and by extension, the taxpayer) was to address one of the most costly components of our budget, namely retiree health care. We did something uniquely innovative in 2007 when we issued \$567

million in Trust Certificates to retire that debt. The impact was immediate and significant. We lowered our exposure for the retiree health care payments from 30 years to 20 years and our annual debt payment from \$60 million to \$48.5 million. You can do the math and see that we saved the taxpayers about \$12 million a year for a grand savings over time of about \$150 million. And at the same time, and important to our retirees, their health care benefits are now secure.

Oakland County, because of this innovative approach authored by my finance team, has the distinction of being the first county in the entire nation to fully fund its retiree health care. Not only was this accomplished without new taxes - it saved money. It is being looked upon at as a model now being examined by counties and municipalities around the country.

VII. Oakland County Lessons for the State

State Budget Director Bob Emerson said this past year taking advice from Oakland County on how to deal with Michigan's budget crisis would be like General Motors asking the corner barbershop for input. I'd like to point out to Mr. Emerson that most barbershops in Michigan are run with a hell of a lot more fiscal restraint in place than the State of Michigan.

Whether Budget Director Emerson wants to hear it or not, there are some things that Michigan could learn from Oakland County.

For one, Oakland County, because of its award winning two year budget planning process and five year outlook on revenue projections, is now tackling the 2010 budget problems I described to you earlier. It makes absolutely no sense to wait until 2010 to make the necessary adjustments. Make them now, advance the adjustments into the current fiscal year, and enjoy the benefits of an early resolution.

Oakland County anticipates where it will be several years down the road in contrast to the State that is reactive, with no planning process that extends beyond its current fiscal year. That is why the Governor's office learned three months into the 2008 fiscal year that there would be a \$1 billion budget shortfall for the State. Such short term planning is inexcusable, but entirely predictable.

In addition to adopting Oakland's budgeting practices, the State could also follow our lead in privatizing certain services when it makes economic sense to do so.

Over the past 15 years Oakland County has privatized the Medical Care Facility, Sheriff's Civil Summons Division, the Bump Shop, the Human Resource Financial Management System, the Health Division's Dental Clinic, and contracted with Office Max to provide all office supplies. All of these measures are saving the County more than \$6 million annually. We currently are exploring the possibility of privatizing our Reimbursement Division.

For starters the State could privatize the costly prison system as other states have done, and certainly there are other segments of the State employee workforce that could be taken over by the private sector with a huge savings to the taxpayers.

To save additional money, leaders in Lansing could scale back the hefty pay raises given to State employees - as Oakland County regrettably had to do with its own employees to achieve a balanced budget. Michigan could also encourage more intergovernmental cooperation with an eye toward mergers and consolidations and certainly be more innovative in the use of technology.

Others have taken notice of what we are doing here in Oakland County and suggested that Michigan should take a page from our playbook. Nolan Finley, the editorial page editor of the Detroit News, in a September 30, 2007 column entitled: "State Could Learn from Oakland County" wrote:

"Good government is the culture in Oakland County. Why doesn't the State do this stuff? It's the culture thing. State government exists to protect the status quo - to keep the bureaucracy in tact - to feed the special interest parasites. In Oakland County the operating philosophy is that government has an obligation to deliver the best services for the least money."

Finley is not alone in recognizing there's something very good going on here in Oakland County.

Jack McHugh, legislative analyst at the Mackinac Center for Public Policy, wrote in an article published in the Oakland Press on August 19, 2007:

"Oakland County's leaders have established a corporate culture of prudent financial management that is a rarity in the public sector, where incentives all press in the opposite direction. Taxpayers in other jurisdictions would be well advised to benchmark their own

local governments' practices against the standard Oakland County has set ... and demand that their public officials follow its example."

Thank you, Messers Finley and McHugh, for your votes of confidence. We will continue setting the bar high in Oakland County.

VIII. Awards

Ladies and gentlemen, I would like to point out all of the awards Oakland County government and its employees have received during the 2007 year.

While I may be the guy out front taking all the bows, you know and I know that it is really the employees in the trenches who deserve most of the credit for Oakland County's reputation for excellence.

Each year Oakland County earns plaudits and recognitions on a state, national, and even international scale.

I hope you're as proud of these people as I am of their commitment to excellence and service to the public and our County.

- Oakland County website (www.oakgov.com) portal - 2nd place in a Best of the Web ranking by Center for Digital Government of more than 3,000 government websites nationwide
- Michigan Excellence in Technology Award for Best IT Collaboration
- Oakland County Mobile Services Pilot honored with a 2007 NACo Achievement Award and 2007 Digital Government Achievement Award from the National Center for Digital Government
- NACo 2007 Achievement Award for Business Continuity of Operations and Recovery Planning (BCORP)
- Commissioner Eric Coleman elected president of National Association of Counties (NACo) - A first for Oakland County
- Award for Oakland County Domestic Violence and Coordinating Committee

- NACo 2007 Achievement Award for Capital and Cooperative Initiatives Revolving Fund (CCIRF)
- NACo 2007 Achievement Award for Intellectual Property Program
- NACo 2007 Achievement Award for Dispensing Site Online Registration Application
- University of Minnesota’s Center for Infectious Disease Research and Policy (CIDRAP) designated Oakland County Health Division as a national Best Practice Model for public health emergency preparedness efforts
- NACo 2007 Achievement Award for School Health Service Deliver Model
- NACo 2007 Achievement Award for Green Infrastructure Visionary Process
- NACo 2007 Achievement Award for Trails Advisory Council
- NACo 2007 Achievement Award for Diversity Corner Experiences for Employees
- NACo 2007 Achievement Award for OakFit Wellness Website
- NACo 2007 Achievement Award for Flood Delineation Project
- NACo 2007 Achievement Award for Emerging Sectors Program
- Oakland County Management and Budget earned one of only 14 NACo “Best of Category” Awards presented nationally for CCIRF
- OakVideo won a 2007 award for Excellence in Government Finance from Government Finance Officers Association of the United States and Canada (GFOA)
- L. Brooks Patterson and Phil Bertolini selected by Government Technology Magazine for List of 25 Top Doers, Dreamers and Drivers of 2007 for shaping the future of government
- Oakland County named one of nation’s 2007 Top 10 Digital Governments by Center for Digital Government
- Oakland County CLEMIS awarded 2007 GCN Award by Government Computer News for outstanding use of information technology

- Fiscal Services Division received GFOA Certificate of Excellence in Financial Reporting and Popular Annual Financial Report
- Deputy Duane Upton received 2007 Michigan Recreation and Park Association Community Service Award
- Oakland County Parks Mobile Recreation Program recognized by Michigan Park Association for Outstanding Program Brochure
- Oakland County Parks earned 2007 Michigan Week Community Award for Ellis Barn Restoration Project from Clarkston Area Chamber of Commerce
- Cathy Shallal, Human Resources, recipient of 2007 Biff Elliot Award in recognition of her contribution toward the improvement of public personnel management in government
- Art Spears, Circuit Court, received Unsung Heroes Award from Referees Association of Michigan
- Oakland County Circuit Court Judge James Alexander elected vice-president of Michigan Judges Association
- Margaret Scott, Assistant Prosecutor, received the Robert Sattler Award from the North Central Regional Chapter of the International Association of Auto Theft Investigators
- Art Holdsworth, Management and Budget, Presidents Award from GMIS for excellence in leadership
- Oakland County's Native American Map won first place for "Best Data Integration" and two 3rd place awards for "Best Analytical Presentation" and "Best Cartographic Design" from IMAGIN, a professional development organization
- L. Brooks Patterson Distinguished Leadership and Service Award from the Michigan Chamber of Commerce for efforts to repeal the Single Business Tax
- L. Brooks Patterson 2007 Distinguished Community Leader Award presented by the Bloomfield Hills Rotary Foundation

- L. Brooks Patterson Rotary Foundation of Rotary International Paul Harris Fellow presented for "Furtherance of Better Understanding and Friendly Relations Among the Peoples of the World"

IX. Brooksie / Katherine Mester Tribute

This is a bittersweet evening for me. I have always looked forward to coming before you each year to report on the state of Oakland County - looking back on where we've been and forward to where we're going. I'm usually a little anxious prior to the speech, pumped up during the speech, and exhilarated in its aftermath. This year all those feelings are present - and one more: a profound unrelenting sense of loss.

Ironically, last year's State of the County Address was also February 7th. The excitement of that evening in 2007 was suddenly shattered just four days later by an unimaginable tragedy. As most of you know by now, my 28 year old son Brooks Stuart Patterson, whom we affectionately called Brooksie, was killed in a freak snowmobile accident in Genesee County on February 11th. One year later, the wounds are still fresh, the emptiness still deep, and the sense of loss still palpable. I, along with my family seated up front here, are dreading the first anniversary of Brooksie's death in four days.

I don't think Brooksie ever missed a State of the County Address. He always looked forward to the speech and then for weeks, if not months, thereafter we would dissect it in every detail. Often times when the family was in Florida, Brooksie and I would walk into town for morning coffee and all we would do during that three mile stroll was talk politics. He was fascinated by it. And I would warn him: "Brooksie, don't you even think about it." I used to kid him that I had anticipated his interest in politics so I had ruined his political career by naming him Brooks Stuart Patterson ... I told him there would be no future for a candidate named B.S. Patterson.

So why am I telling you all this? Well, for me it's part of the grieving process. Somehow talking about him gives me comfort as I imagine it would any parent who has lost a child. And while I'm delighted to have the rest of my family here tonight, as they have been at every State of the County speech, I know we, as a family, sense in a very real way Brooksie's absence.

Unfortunately, I'm not the only father grieving tonight. Another elected official in the Oakland County family also lost a child this past year.

Oakland County Circuit Court Judge Fred Mester's daughter, Katherine, died of injuries suffered in a car accident on November 29th in New York State. Katherine was eight months pregnant at the time with her and her husband Joe's first child. But when God closes a door - he opens a window. Although Katherine died in surgery - the baby survived and today is doing just fine.

Fred, you and I, have joined an awful club.

And for all those parents and families touched by tragedy in 2007 - and I'm looking at a few in the audience tonight as I speak - my fervent prayer is that 2008 will be a much better year for all of us. How could it not be?

In fact, in my case there's already good news to celebrate this year. My daughter, Mary, gave birth to her second child - a little seven pound, 14 ounce boy she named Brooksie.

X. Quality of Life

I devoted much of my time as Oakland County Executive these past 15 years working to improve Oakland County's business climate by initiating programs I have talked about this evening: Automation Alley, Emerging Sectors, Wireless Oakland, and so forth. Our focus in these programs has been on economic investment that will bring new jobs to Oakland County. I am trying to create an environment that will create a robust business climate for the next 40 - 50 years.

I have focused relentlessly, on attaining, and now on maintaining, our coveted AAA Bond Rating with Wall Street. In fact, we are heading for Moody's and Standard & Poors in just a couple weeks to once again make our case that Oakland County deserves the distinction and prestige of being one of America's premiere AAA rated counties.

But economic development is only one piece of the glorious mosaic that is Oakland County. If a highly skilled, highly educated workforce, coupled with the likelihood of success, brings people and business to Oakland County, then I believe it is our unique quality of life that keeps them here.

Just look about you. Oakland County is blessed with more natural beauty than any other county in Michigan. There are more than 1,450 lakes, plus the headwaters of five rivers, within our 910 square mile border. Enjoying outdoor recreational activity is easy in Oakland County with its 89,000 acres of pristine parkland and 95 miles of scenic trails, with an additional 155 miles on the drawing board.

There are 15 institutions of higher learning in Oakland County. Cooley Law School, soon to be the State's largest law school, officially opened its doors in Auburn Hills this past January 29.

In the year ahead we will stage our usual array of premiere summertime events - Quake on the Lake, The Woodward Dream Cruise and Arts, Beats and Eats. These familiar events will be complemented by several new attractions featuring family fun and enjoyment, including one event held just recently.

While I announced it only last year in my State of the County, the inaugural Fire & Ice Winter Fest in downtown Rochester made its debut the weekend of January 25-26. Oakland County partnered with the Rochester Downtown Development Authority to introduce a brand new multi-faceted event featuring fireworks, cross country skiing, ice fishing, restaurant crawl, buggy rides, dog sled demos, snow shoeing, ice carvings, and much, much more. According to all the reports, the first annual Fire & Ice Fest was an unrivaled success and we intend to bring it back next year bigger and better.

Up next for us in Oakland County is the Oakland Edge hockey tournament, another new recreational event that I introduced in my speech last year. Scheduled for April 10-13, this event is open to anyone 35 years of age and older who wants to strap on the skates and test their mettle on the ice. Tournament games will be held at two locations - Onyx Rochester Ice Arena and the Troy Sports Center. Divisions will be set up according to age, skill level and experience. Not to leave the ladies out, there will also be a women's division. Every team will be guaranteed at least three games.

We are delighted to have as honorary chairman of this great event former Detroit Red Wing legend and Hockey Hall of Famer Ted Lindsay. If you'd like to sign up or want more information I urge you to check our website.

To cap off our array of new events is a half marathon and 5k run which will be held on Sunday, October 5th at the beautiful and spacious Oakland University.

The runners will traverse a 13.1 mile course that will take them through the City of Rochester, Rochester Hills, and parts of the scenic Paint Creek and Clinton River Trails, and then back on to the highway just in time to conclude the half marathon coming over the bridge in front of beautiful Meadowbrook Hall.

According to the people who certify routes for this type of an event, they say this half marathon is one of the most beautiful tracts ever laid out. It should bring runners from all over the country.

No sooner had I announced the half marathon, we were contacted by the good people from the Crim Fitness Foundation which has staged the Bobby Crim Festival of Races up in Flint for the past 31 years. These folks are pros, they're experts, so we've entered into a formal joint venture for the Crim Foundation to take the lead in organizing our event. They have brought their expertise and experience to the table and I am absolutely convinced that we will have a spectacular event this coming fall.

Once the committee got underway and we started to formally discuss the half marathon, we needed a name that embodied the excitement and challenge of a half marathon. I'm grateful to the committee that they decided to name the new half marathon after my son, calling it "The Brooksie Way."

Brooksie was a kid who when he did something, he gave it 110%. So to do something "The Brooksie Way" is to give it your all - do it to the limit of your ability. So I think the race is aptly named, and I'm sure my son would be proud to be part of it.

I have every reason to believe that this race, like so many other programs we have instituted here in Oakland, will go on for decades to come and become a premiere event on the schedule for runners both locally and around the country.

In fact, I'm delighted to announce tonight that one of the best-known runners in America, the Olympic marathoner, icon Bill Rogers, has signed up for our race. It's a coup to have the last American winner of the Boston Marathon joining us in the inaugural "Brooksie Way."

Check out "The Brooksie Way" on the County website at www.oakgov.com.

Besides half marathons, festivals, tournaments, boating, golfing - quality of life can be measured in other subtle ways as well. For instance, the safety of our roads is a quality of life issue. I'm delighted to tell you tonight that the Traffic Improvement Association of Oakland County reported to me recently that although the County's population has increased from 300,000 in 1967 to 1.2 million in 2007, the number of traffic fatalities on our roads has actually gone down from 206 to 44.

Oakland County's traffic fatality death rate is the lowest in the state and nation which means we have the safest road system in America. Actually, if you look at the number of deaths per 100 million miles of vehicular travel, Oakland County, believe it or not, has the safest roads in the world. Safer than Europe; safer than Asia ... with .4 deaths per 100 million miles traveled!

Of course I joke with my friend Brent Bair, the Executive Director of the Road Commission for Oakland County. I said to him, "Sure we have the safest roads in the world. How the hell can anybody get killed going five miles an hour on I-75?"

Continuing with the theme of Quality of Life in 2007, two new Oakland County parks opened to the public. Catalpa Oaks in Southfield features 25 acres of open space featuring six soccer fields, baseball diamond, and softball field. At the other end of the county, Highland Oaks will treat park goers to 264 acres of picturesque rolling hills, wetlands, and pastures.

These two new locations invite individuals and families to experience and savor Oakland County's expanding park system.

XI. Lessons from The Great Depression

Ladies and gentleman, as I head into the home stretch of tonight's State of the County report, I thought it might be helpful to put in perspective what we're going through in this State. Michigan families face serious challenges as we lead the nation in unemployment at 7.6%, foreclosures are off the chart, businesses are closing and jobs are disappearing at an alarming rate. But it is also true that we, as Americans, have faced even more difficult times in our history and managed not only to pull through, but to come out stronger for the experience.

I'm thinking of an episode in our history called The Great Depression which tested our parents and grandparents. It tested their inner strength and their courage as nothing before. During The Great Depression 9,000 banks failed and 9 million accounts were completely wiped out.

The national income dropped from \$81 billion in 1929 to \$41 billion just three years later. Unemployment soared to as high as 25% and crop prices fell 40 - 60%. We've all seen pictures of the breadlines - desperate and hungry people just trying to hang on.

But after years of despair, hopelessness, destruction, and starvation, America came out of The Great Depression stronger and better than ever. Our nation emerged from the Depression and then World War II as the greatest democracy on earth, with the strongest economy in the world. And our region earned a nickname that we all remember from our history books: the Detroit region was known as the "Arsenal of Democracy."

My point is that this region has fought back before and it can fight back again.

It's already happening. Look carefully around you and you'll see signs of the recovery. Nascent yes, but it's on the way. A new first class medical school is on the drawing board at Oakland University, a joint venture between O.U. and Beaumont Hospital. The estimate is 10,000 new jobs plus a billion dollar impact on the Oakland economy. There is an additional \$700 million in new health care investment with the Flint-based McLaren Healthcare Corporation building now in Independence Township. There's another half billion in health care investment between Henry Ford and Providence Hospitals in western Oakland County, ready to go online within the next couple of months. In Troy, the old Kmart World Headquarters site will soon be razed to make way for the \$350 million multi-use development called the "Pavilions of Troy," bringing yet more exciting development to the hustle and bustle of the Big Beaver corridor.

In rural places like White Lake Township, under the leadership of Supervisor Mike Kowall, property values have soared by more than \$30 million, creating 2,000 new jobs over the past 36 months.

Right now, out my window in the E.O.B., I can look south on Telegraph and see five cranes on the horizon as the Bloomfield Park development comes out of the ground. Last year Auburn Hills issued more building permits than in 2006.

Ladies and gentlemen, heading into the new year, I am absolutely convinced, as I said in the beginning of my remarks tonight, that Oakland County is ready ... we are ready to be the catalyst to lead this region back to prosperity.

As John F. Kennedy said in an address to the Massachusetts legislature: "We do not imitate for we are a model to others." Our innovation, our creativity, our bright and well educated workforce will lead the way.

XII. Closing

Before I close, I want to start a new tradition tonight in my State of the County Addresses. Each year I will be quoting to you a little philosophy from a book of notes I've been collecting since I was in college. I call this journal "Patterson's Pearls of Wisdom." It's an insightful, if not scary, look into the brain that drives this incredible machine.

Keep in mind that tonight's pearl was written when I was 21, a single guy on campus. This entry was logged December 27, 1960: "Brooks, you cannot get every girl on campus to love you ... so stalk the rest in the hopes that they will panic and give in."

Finally, in closing tonight, I would like to be serious for a moment and thank my administrative team, the other countywide elected officials, the Oakland County Board of Commissioners, and of course the more than 4,000 hard working, dedicated Oakland County employees for making Oakland County government a national model for innovation, prudent fiscal management, and efficiency.

Oakland County works so well - because we all work so well together.

2008 is an election year, just in case you haven't heard. And once again I'm asking for your support so that I may continue the job I was given by the voters of Oakland County more than fifteen years ago. Great progress has been made over the past decade and a half, a lot of new programs have been initiated, but there's still more work to be done. And I'd like the opportunity to finish the job.

As for retirement, I agree with Ernest Hemmingway who once said: "Retirement is the ugliest word in the language."

Why would I want to retire from the greatest job in the world? Coming to work each day is pure joy because I have an opportunity to make a difference by playing a role, however large or small, in moving Oakland County forward.

So unless God or the voters say otherwise - I plan to be back here again next year reporting to all of you on the state of Oakland County.

Thank you and good night.