

**L. BROOKS PATTERSON
OAKLAND COUNTY EXECUTIVE**

2015 State of the County Address

FEBRUARY 4, 2015

Auburn Hills Marriott Pontiac at Centerpoint
3600 Centerpoint Parkway | Pontiac, MI 48341



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Introduction

Good evening everybody. As I made my way to the podium tonight, and as I sit here now, the question on many of your minds may well be how is my recovery going? It's going fine, thank you. The good news is that I don't fall down anymore. The bad news is I do perform random gravity checks. I go to physical therapy three days a week. Every session my trainer wants me to warm up by touching my toes. I tell him if God wanted me to touch my toes, he would have put them on my knees.

Thank you, Melody, for that very kind introduction this evening. Melody is the winner of our fourth class of Elite 40 Under 40. These are some of Oakland County's best and most accomplished young men and women who are already making contributions to the quality of life within their communities. I am delighted to have them join me at my 2015 State of the County Address. Will the "40 Under 40" honorees who are here tonight – from all four classes – please stand and be recognized?

2014? It was a busy year and productive year. We reached a preliminary agreement on the formation of a regional water authority after 40 years. Our finances continue to shine. And, tonight, you will hear about milestones we've reached in some of our marquee initiatives as we continue to set the bar high as your county government.

Millage Reduction

First tonight, let's go to the big news: tomorrow, my staff will deliver a resolution to the Board of Commissioners asking them to reduce the county's tax rate by .10 mills for the July 2015 tax levy and an additional .05 mills for the July 2016 levy. To put these reductions in dollars and cents, the taxpayers of Oakland County – you – will save \$75 million over the next 10 years.

Imagine, that's \$75 million back into your pockets for you to use as you see fit. It will stimulate the local economy and certainly contribute to a stronger quality of life in Oakland County.

How can we do this when other governments are struggling? You've heard me say it time and time again at my State of the County Addresses: we exercise "thoughtful management not crisis management." Oakland County adopts the long term view... the long range vision, and has the patience and discipline to get there. Our countywide elected officials are all on board working cooperatively with us as we manage costs. To the county employees: thank you for your hard work, dedication, positive attitude, and sacrifices that helped us achieve our financial goals. It is the work of the entire Oakland County team that allows me to announce this tax reduction tonight.

Some additional financial highlights: we are still the only AAA-rated county in America with a three-year rolling line-item budget that incorporates a five year outlook. Right now, even factoring in the proposed millage rollback that I have just announced, I am pleased to tell you that our budget is balanced through 2020! In other words, Oakland County's budget is balanced through the year Jeb Bush will be running for his second term. Where else in the United States (maybe the world) can you find a government with a balanced budget through 2020? Our strong financial position allows me to move forward on some

delayed capital improvement programs and security upgrades that we had postponed during the Great Recession. Those are expenditures which must be addressed sooner than later.

And remember, Oakland County's so called "legacy costs," – those pesky healthcare and pension obligations – they are completely funded. This past spring we completed the refinancing of our health care Certificates of Participation with lower-interest rate bonds. The savings? \$13 million annually (that's over \$170 million for the 13 year life of the bonds). And after those bonds are paid-off, we save \$34 million a year going forward! It is simply the best of all outcomes: we save taxpayers money, we keep the promises made to our employees in exchange for their lifetime of hard work, and we free-up resources to meet future challenges and needs.

Our employees have migrated to a defined contribution retirement plan – like a 401(k) – leaving behind the older defined benefit pension plan with lifetime healthcare costs. That move alone has saved my taxpayers far north of \$100 million.

All of these moves and disciplined, patient financial planning allows us today the ability to reduce your property taxes. And I ask all of our commissioners to support my proposed resolution no matter which side of the aisle you're on. Together, we have shown that we are good stewards of the taxpayers' money. Let's demonstrate that again by reducing taxes when we can.

AAA Bond Rating

We continue to retain our AAA bond rating – that's the highest credit score a government can get from Wall Street. Did you know as of the end of 2014, there were only nine COUNTRIES – countries, not counties – in the world that still held a AAA bond rating? That means Oakland County's credit rating is better than 186 countries in the world, including our own United States. We have been members of the exclusive AAA club since 1998, or for 17 years.

Here is what Moody's Investors Service had to say about your county government when it reaffirmed our AAA bond rating last summer: "We expect the county's financial position will remain strong going forward owing to continued application of very solid fiscal management practices." In other words, Moody's thinks we're getting the job done.

Management and Budget

Of course, none of these fiscal achievements are possible without having the best of the best leading my Department of Management and Budget. When I asked my finance staff last month for contributions to the State of the County Address, Finance Director Laurie Van Pelt and Deputy County Executive Bob Daddow said that they have nothing to add this year. No major bond issues to be announced... no additional budget tasks to parcel out to countywide officials... no major restructurings to announce. Nada. Zilch. Nothing. Well, except for the tax cut I just mentioned. That's not a reflection of them resting on their laurels. Rather, they have become so good at what they do that Oakland County is positioned to be in great financial shape for years to come.

But it is more than Bob, Laurie and their team. It is also our Budget Task Force that I created in 2002 consisting of my five deputies, plus Laurie and our Human Resources Director. On a near-weekly basis, they met to ensure that we were being strict stewards of your tax dollars. Budget control also relied upon the cooperation of our other countywide elected officials. Of course I'm referring to Sheriff Mike Bouchard, Prosecutor Jessica Cooper, Clerk/Register of Deeds Lisa Brown, Water Resources Commissioner Jim Nash, Treasurer Andy Meisner, Board of Commissioners Chairman Mike Gingell and

Vice Chairman Jeff Matis, along with the other 19 county commissioners, and Chief Judges Nanci Grant, Elizabeth Pezzetti and Julie Nicholson. I am grateful for all you do to make Oakland County the best managed county in the nation.

In April, a key member of our budget team retired: Fiscal Services Manager Tim Soave. He had been with the county since 1979. Under his leadership, Fiscal Services has garnered quite a string of awards from the Government Finance Officers Association of the United States and Canada:

- 17 straight years winning the PAFR (Popular Annual Financial Report) award
- 23 straight years winning the CAFR (Comprehensive Annual Financial Report) award
- And winning the Distinguished Budget Presentation Award since 1984.

Well done, Tim. We will certainly miss your financial acumen around the county.

We did not have to go far to find someone who is very capable to lead our Fiscal Services Division. We promoted Lynn Sonkiss to replace Tim. She was one of our division chiefs. In particular, she was responsible for financial planning and budgeting and grants accounting. She is in her 24th year with the county and holds a degree in Accountancy from Walsh College.

Department of Information Technology

The Department of Information Technology: CIO Phil Bertolini, Director Ed Poisson, and Chief Technology Officer Jim Taylor have had a big year expanding Oakland County's IT Department into a leadership role in Michigan while also helping other governments across the nation.

For example, at last year's State of the County, I announced the launch of the G2G, or the Government 2 Government Marketplace. The G2G Marketplace is a catalog, a best practice repository and service bureau for governments of all sizes. The goal of the G2G Marketplace is to provide governments with an easy-to-use, cost-effective way to shop for, purchase and provide government technology services under pre-negotiated blanket purchase agreements and contracts.

Some would ask, "Why would Oakland County provide such a service outside of our borders?" The answer is simple. Oakland County benefits by obtaining discounted pricing for our contracts as well as an added value every time a government agency purchases off these contracts. Oakland County is simply providing a low cost option for purchasing technology which otherwise would be unaffordable for many.

Our first half year has been very successful. Local governments from 44 states have registered for the G2G Marketplace. Our total number of local governments registered so far is 180 with 87 of them right here in Michigan. It is a "win-win" project that works for everyone and Oakland County is once again recognized as a leader.

Debuting in the G2G Marketplace on the day of its launch was our CySAFE product. CySAFE stands for Cyber Security Assessment for Everyone. Remember Sony Pictures and its hacking troubles with North Korea? It showed how vulnerable we really are. CySAFE was developed in collaboration with the State of Michigan's Department of Technology, Management & Budget and the counties of Oakland, Livingston, Monroe, Washtenaw and Wayne. CySAFE is our attempt to put an iron gate around information you want to keep secure.

CySAFE helps government agencies determine how susceptible they are to hackers and intruders, identify weak points, and prioritize solutions available in the G2G Marketplace while also identifying resources in the world of Cyber Security. Any government agency can download CySAFE for free from the G2G Marketplace at g2gmarket.com. So far, 180 governments nationwide have downloaded CySAFE so they can join in the fight against this growing menace.

Oakland County believes governments should not be the only ones with access to the best technology to optimize cyber security. That is why we are making CySAFE available to a broader group of users. Tonight we are launching the CySAFE initiative for our small and midsize businesses and it will be available online at no cost on our economic development web site, AdvantageOakland.com. We will soon have a home version available later this spring.

Great Lakes Water Authority

Speaking of Macomb County, I believe my friend, County Executive Mark Hackel, is here in the audience tonight. What can I say about Mark? No, really, what can I say about him? Actually, in his State of the County speech in December - Mark remembers – he poked fun at my age. Welcome to Oakland County, Mark. Now I have the microphone.

You all know Mark... he walks all around Macomb County all day with a turkey under his arm... just for spare parts. Tonight, Mark was in the lobby before my speech began. Strange noises were making him nervous. Mark, that flushing sound is indoor plumbing.

I'd also like to recognize my other colleagues with us in the audience tonight. Joining us for the first time is Wayne County's new Executive Warren Evans. I have known Warren for many years. When I was a little boy, I remember telling my father I wanted to grow up to be just like Mr. Evans. Warren has a challenging task ahead of him to right Wayne County's listing ship. But I am confident he has the integrity and the wherewithal to make the tough decisions to get the job done. Thank you for coming tonight, Warren.

Also joining us is my longtime friend Detroit Mayor Mike Duggan. Detroit has shed significant debt; is seeing investment exploding in downtown; is working hard to improve public transit, is building a new hockey arena; and, undoubtedly, is working overtime to attract the Detroit Pistons. There is huge potential for the City's future. I can think of no stronger leader than Mike Duggan to rebuild Detroit's fortunes.

I think it's important for the public to see the relationship between the four of us as regional leaders. Yes, we're competitors. Yes, we can even be fierce rivals. And, yes, we are friends who can joke around. We respect each other's opinion, and each other's point of view, and we can work together on important initiatives.

Please give my colleagues a round of applause.

Perhaps as a group, The Big Four has accomplished nothing more impactful for our region than the formation of the Great Lakes Water Authority framework. I sent in my best negotiators: Chief Deputy County Executive Jerry Poisson and Deputy County Executive Bob Daddow. They spent tireless hours climbing the Everest of all negotiations. Remember my marching orders to them last year? "No deal is better than a bad deal." Well, Jerry and Bob, and the team from the Water Resources Commissioner Jim Nash's office, came through for our ratepayers. Under the guidance of U.S. District Court Judge Sean

Cox's mediation and with the assistance of Governor Rick Snyder's executive staff, they helped craft an agreement that is in the best interest of all water and sewer authority customers and ratepayers. I truly can say we established the basis for a good deal.

The hard work of turning the framework agreement into a functioning reality is what today's efforts are targeted at. Here is a quick recap:

The agreement calls for the Great Lakes Water Authority to lease, operate and manage all wholesale water and sewer lines serving the suburbs that are currently part of the Detroit Water & Sewerage Department. The new Authority is also to lease and operate all of what is known as the 'common-to-all' assets, which includes the filtration and water plants, pumping stations and other facilities and equipment providing joint functions for the benefit of all ratepayers.

The City of Detroit is to become a wholesale customer of the authority, just as the suburban customers already are. The City will continue to own, manage and operate its retail system which includes nearly 6,000 miles of water and sewer lines within city limits. The City will be responsible for collections from its own ratepayers. Any delinquencies and uncollectible debts from Detroit's local operations will continue to be the City's responsibility to fund, just as the suburban communities are responsible for the uncollectible debts and delinquencies of their customers. At no time will the City's bad debts become the responsibility of the new Authority and at no time will the uncollectible debts and delinquencies of the suburban customers become the responsibility of the City.

The Authority will not be funded by Oakland County general fund tax dollars. Instead, Authority operations will be funded solely by water and sewer ratepayers.

The Authority will be governed by a six member board, two appointed by the City and four by suburban leaders. Each board member must have at least seven years of experience in a regulated industry or in finance, accounting, law, or engineering. For Oakland County, I appointed Deputy County Executive Bob Daddow, a CPA and recognized expert with over 40 years of experience in municipal accounting, to represent our interests on the board.

Major decisions require a "super majority" vote of five out of six members. These decisions include the establishment of the annual budget, the adoption of capital improvement plans, issuing debt, setting rates, appointing the executive director, establishing purchasing policies and, perhaps most importantly, approving the final lease between the City and the Authority presently being negotiated. That means that if there is a major issue before the Authority that we believe is unfair to suburban customers, Oakland County only needs to partner with one other member to amend it or block it.

Now, let's talk about the required lease. The deal agreed-to by the Mayor and City Council and the three County Executives and their respective Boards of Commissioners, is set out in the Memorandum of Understanding and the Articles of Incorporation. (Both of which are available on our website.) These documents provide that, in exchange for the lease of the wholesale and common-to-all DWSD assets, the Authority will make a lease payment of \$50 million a year to the City of Detroit. That money will be set aside in a fund held by the Authority and may only be used for the purpose of replacing, maintaining and repairing the aging water and sewer pipes in the city. The funds cannot be diverted outside of the water and sewer system for the use in other city operations.

Last fall, when the regional leaders agreed to the Memorandum of Understanding, the City's Bankruptcy process imposed significant time pressure to act. The Federal Court Mediation process encouraged the Mayor and County Executives to agree to the Memorandum of Understanding and to have the City Council and Boards of Commissioners act to establish an authority at that time so that the agreement could become part of the City's Plan of Adjustment in bankruptcy.

But significant barriers stood in the way of a final deal: timely, accurate and audited financial statements for the City and the DWSD for fiscal year 2014 were not available. Updated, accurate pension actuarial reports for FY 2014 for the City and DWSD also were not available and they could not be provided in time to satisfy the Bankruptcy calendar. As a footnote, they are still not available today.

Despite these barriers, the regional leadership agreed that it was important to keep the process advancing. We determined that we could keep the process moving forward while still protecting our ratepayers. We did this by crafting an agreement with important safeguards, called "conditions precedent," to any transfer of operations.

One major protection in the adopted Memorandum of Understanding expressly provides that no lease shall be entered into if the payment in consideration of the lease, the \$50 million, would cause the systems to be unable to provide a reasonable level of service, satisfy its debt obligations and adhere to the rate structure set forth in the City's Bankruptcy Plan of Adjustment.

In addition to the new lease payment, the MOU and the bankruptcy Plan of Adjustment imposed additional cash flow requirements. These requirements placed added fiscal pressures on the Detroit Water and Sewerage Department and later, the Authority. These include a new \$4.5 million set-aside for a Water Residential Assistance Program (WRAP) for those residential customers struggling to pay their water and sewer bills; a new Court-imposed pension acceleration payment of \$22 million annually through 2023; and a Court ordered payment of at least \$20 million as a share of bankruptcy expenses incurred by the City and charged to the DWSD as a City Department.

Why have I taken the time to go into this much detail? It is because I want everyone to understand where we are today. The reality is this: at the end of the mandatory negotiations in the chambers of Federal Judge Sean Cox, we all left buoyed by what we had accomplished. But as we all knew then and have expressed many times since, the devil is in the detail. When you hear that GLWA, the new Great Lakes Water Authority, developing just fine and everybody is on board, and it's all kumbaya, I guess I'm here tonight to say, slow down.

The Great Lakes Water Authority is hardly Camelot. The authority is not a completed deal yet. If certain conditions precedent cannot be achieved, the authority will terminate by its own express provisions. Going forward, this means that no lease will be entered into unless it can first be reliably demonstrated that the new \$50 million lease payment, the new \$4.5 Million Water Residential Assistance Program (WRAP) payment, the \$20 million-plus share of City bankruptcy fees and the new bankruptcy-imposed \$22 million annual accelerated pension payment can all be made from system revenues. These revenues will be capped at a four percent growth rate for the first 10 years of operations.

Unfortunately today the water revenues, and thus the cash flowing into DWSD, are not meeting either budgetary expectations or those projections that were set out before signing the MOU. The volume flows (i.e., units billed – against which rates are applied to produce revenue) have been falling off for years. Said differently, the previous expectation of the water revenues improving and providing

resources sufficient to help make the new payments within the capped revenue requirement seems less likely to be met today than when the MOU was signed in September.

In order to compensate for the significant revenue loss associated with continuing volume declines, and as noted at a recent SEMCOG rate meeting, the DWSD is prepared to raise the water rates used to produce the required revenue.

There are other major water and sewer initiatives on the way, but likely none are as important as assessing the feasibility of the financial condition of the Detroit Water and Sewerage Department. And unfortunately, the June 30, 2014, audited financial information remains elusive. The City is still closing its books. Without this information the transition team cannot finish its work in assessing the financial conditions of DWSD towards the preparation of a lease we all can agree to.

If this sounds complicated, it is. But under this section of my speech tonight I want to note that I still believe the launch of an effective Authority remains an obtainable goal. But we are not there yet. And we all need to understand that there are enough challenges and surprises along the way that a fully functioning Great Lakes Water Authority may yet be beyond the reach of we mere mortals.

One last point: a couple of weeks ago the so called “Big Four” met on the floor of the auto show as guests of the Detroit Economic Club. The last question dealt with the Great Lakes Water Authority and I attempted to respond, as I did tonight, with sufficient detail to indicate why we still have some reservations. All hell broke loose in the media afterwards suggesting that I was attacking Mayor Duggan.

Ladies and gentlemen, nothing could be further from the truth. Mike has been a staunch partner in the development of this Great Lakes Water Authority. I’m sure he too is challenged by the mismanagement of the old Detroit Water and Sewerage Department. But to make sure the record is clear, I was not firing a shot across Mayor Duggan’s bow. I am glad to have him on board as a partner.

Mike, have I cleared the air? Good, now get your damn SWAT team out of my garage.

Reducing African-American Infant Mortality

Did you know that in the year 2000 Oakland County’s overall African-American infant mortality rate of 25.2 per 1,000 live births put us behind countries such as Indonesia, Kazakhstan, and even North Korea? That statistic, we all agree, is not acceptable. It is, in fact, obscene.

Back then I remember directing my Health Division to commit the resources, time, and staff in a pilot program to reduce infant mortality in the African-American community in Oakland County. Today the results are very rewarding but there is still room for improvement. The African-American infant mortality rate for the last three years has been cut by more than half to 10.4 per 1,000 live births.

My Health Division’s success in reducing infant mortality rates in the African-American community didn’t go unnoticed. It received statewide recognition. The Michigan Public Health Association bestowed its 2014 Public Health Community Achievement Award upon the county’s Health Division for this initiative. Good work George Miller and Kathy Forzley.

Time: The New Incentive

Now I would like to update you on the major milestones we are reaching this year on key economic development programs. First, let me update you on a novel economic development approach that we announced two years ago.

Back in 2013, we launched “One Stop Ready,” a program that shares and teaches the best practices and ideas in proactive, responsive economic development. By focusing on when a company needs to open up and how government at all levels can assist a company’s timely entrance into a market will result in companies hiring faster, investing quicker, and impact our economy sooner. Time is money and in communities like Troy, who have reduced permitting time from weeks to days, the results are rolling in.

“One Stop Ready” is only as strong as our local government partners and by the end of this year, 21 of our cities and townships will be One Stop Ready practitioners. Developers throughout the County say they are already noticing the difference. These tools have helped bring to Oakland County global companies like GKN in Auburn Hills, a new recycling center in Pontiac, a new MJR theater in Troy, and many more. One Stop Ready is a game changer. Good work Matt Gibb, Irene Spanos and Dan Hunter.

Good Economic Indicators

Oakland County continues to see more and more signs that our economy is strengthening.

Our Equalization Manager Dave Hieber says that home mortgage foreclosures, once fluttering above 9,000 per year are down to levels below the 2,000 mark. Last year, there were about 1,900 foreclosures. Using 2002 and 2014 as book ends, Oakland County saw more than 61,000 home foreclosures.

Oakland County is no stranger to helping those who are in distress. Through the work of our Community Home Improvement team, led by Karry Rieth, in 2014 we successfully counseled and assisted more than 460 homeowners through this perilous process, helping them keep their home, and their pride.

Since the 2009 economic collapse, when Oakland County lost more than 60,000 jobs in a single year, our business community has pulled together and added a net total of nearly 80,000 new jobs to our economy thus lowering our unemployment rate from 13 percent during the depth of the Great Recession to 5.5 percent as we ended 2014. Jobs are created by investment and growth and Oakland County has seen plenty of both.

The Oakland County One Stop Shop Business Center witnessed small business loans triple – from \$7 million in 2012 to more than \$22 million in 2013. In the past two years this active center, led by Greg Doyle, has found access to capital exceeding \$52 million creating hundreds of new jobs, and enabling nearly \$30 million in loans for small and second stage companies.

And we’re reaching some milestones as we work to attract companies into the knowledge-based economy in Oakland County.

Back in 2004, we launched Emerging Sectors, our signature program, to attract high-paying jobs that are sustainable for decades to come. We discovered in the process that the top 10 sectors for future growth in Oakland County are all a part of the knowledge-based economy: health care, information technology, finance, and nanotechnology just to name a few.

Well, I'm proud to say that we are on the cusp of reaching the \$3 billion investment mark within the Emerging Sectors categories. That's \$3 billion with a "B". Well over 310 companies are now helping us toward our goal of diversifying the economy while creating or retaining more than 50,000 jobs since inception.

One of our greatest strengths is our global presence. Oakland County is home to 57 percent of the Global Fortune 500 and now hosts more than 1,020 foreign owned multi-national companies from 38 different countries around the world. This accomplishment prompted Deputy Director Aaron Brickman of Select USA at The U.S. Department of Commerce to remark, "Oakland County has one of the best economic development teams in the Country." Our excellent team will be an important part of the Select USA summit in Washington D.C. in the spring.

Healthcare continues to be one of our most robust sectors. Medical Main Street, which we kicked off back in 2008, is about to reach the \$1 billion investment mark. Nearly 50 companies have invested a billion dollars to create or retain 8,000 jobs in this burgeoning sector.

tech248 Update

Last year at this time I announced an initiative that would build on our strength as a technology leader. That initiative, tech248, is a branding and business development program aimed at harnessing the power of the 2,000 tech companies in the county and market the county as a global technology hub. The estimated expansion of this sector projects Oakland County will add a new tech company every 30 days. Tech companies are the backbone of this rich and fast-growing sector. We want to continue the upward trend and tech248 will be the point of the spear leading our global marketing endeavor. tech248 will work with our existing companies and our colleges and universities to open up the paths to the most needed and advanced tech jobs.

We learned the skill sets these jobs needed when we conducted our first Skills Needs Assessment back in 2009. Our partners in work force development such as Oakland Community College and its chancellor, Dr. Timothy Meyer, have already created programs from that assessment to train tomorrow's work force. As our economy builds steam again, it is ever more urgent that we channel people into these programs. That is exactly what tech248 will do.

Connected Vehicle Update

A year ago I announced the creation of our Connected Vehicle Task Force to implement a plan to make Oakland County the first in America with a countywide connected vehicle ecosystem. The task force is chaired by my good friend Fred Nader, founder and president of AutoTech Technology Development. Rounding out the committee is Elaina Farnsworth, CEO of Mobile Comply, and Paul Haelterman, vice president and managing director of IHS Automotive Advisory Services. Gregory Krueger of Leidos, and several leading companies such as HERE, Arada, Paxgrid, and others are also participating in the task force. What they've accomplished in the past year is nothing short of incredible.

The task force's primary mission is to prove there is a viable business model for implementing connected vehicle technology and infrastructure and how the private sector can manage the cost and maintenance of the technology being developed for tomorrow's automobile. The Task Force joined forces with the US DOT as an integral member of the Affiliated Test Bed in Detroit. And in September, at the Intelligent Transport Systems, or ITS World Congress in Detroit, the task force demonstrated how RSU technology can be used to determine a vehicle's location and completed real time demonstrations of a vehicle's

position to within a matter of inches. This was something the industry had never done before and is a first big step in building the business case of a countywide connected vehicle ecosystem.

The year ahead is full of promise, too. The task force has been invited to collaborate with US DOT, MDOT, RCOC, and the research being conducted at U of M to advance the next phase of testing for this emerging technology. Much of the global research in connected and autonomous vehicles is happening right here in Oakland County, and through this task force, the County will position itself as one of the leaders in converting research to reality.

Automation Alley

While we're on the subject of high-tech, it is a perfect segue to news about Automation Alley. A huge change has occurred at Automation Alley. My good friend and reliable Deputy Ken Rogers has retired from the county to take a job fulltime with Automation Alley, the organization that he helped nurture from day one.

Ken's last day as my deputy county executive was December 31, 2014. He's been with me since the beginning of my administration – that's January 1, 1993, or 22 years of public service for those who are counting. He is continuing in his role as executive director of Automation Alley but from the private sector side. I first met Ken back in 1975. He ran a real estate firm in the Clarkston area and wanted to support my re-election as county prosecutor. That was the beginning of a relationship that has grown into one of my closest friendships. After my successful election in 1992, I brought him on board as my director of economic development. A couple years later, I asked him to be my deputy.

But nothing has defined Ken's service to my administration, indeed to our region, more than his years at Automation Alley. When we launched Automation Alley together in 1999, my directions were clear: build Automation Alley into one of the top independent regional hubs for economic development. Fifteen years later, Ken has exceeded my expectations: as of January 1 of this year, Automation Alley is completely independent from Oakland County and recognized nationally as a leading technology hub.

My friend in Macomb County Mark Hackel will be pleased to hear that Automation Alley continues to grow in defense and manufacturing, one of Macomb's largest sectors. Automation Alley has signed a \$10 million contract with the U.S. Army to provide engineering and data services out of its office in Macomb.

Back here in Oakland County, Automation Alley opened a facility on the campus of Oakland University last year called the Automation Alley Technology Center. The center will feature new, leading-edge technologies to benefit the local tech community. Right now, it is focusing on the process of Product Life Cycle Management offering classes and hands-on training in the use of product life cycle management equipment such as 3D printers and scanners.

Automation Alley has had a notable year:

- By the end of 2014, Automation Alley had reached the half-billion dollar mark in export sales since its inception 15 years ago. Just this past December, it completed its 23rd trade mission.
- Its trade missions last year included Saudi Arabia, the United Arab Emirates, the United Kingdom, and Mexico. These missions focused on advanced automotive, medical devices and environmental technology.

- Currently, there are companies from Japan, Germany and France working out of Automation Alley headquarters until they find permanent locations here.
- Automation Alley has seeded 38 companies with more than \$8.5 million resulting in \$113 million in additional funding.
- And, Automation Alley's activities have helped create almost 5,700 jobs.

Though Ken has left my administration, our regional leaders can be assured that Automation Alley will continue to serve our growth in the high-tech sector under the very deft stewardship of Ken Rogers. Please give him a round of applause.

Replacing Ken as my new deputy is Malcolm Brown, whose first day on the job was December 29th. Malcolm represented Oakland County in labor and employment matters for more than 25 years as a shareholder at the law firm of Butzel Long. He has substantial experience in handling labor and employment issues. His expertise includes collective bargaining in the public and private sector, Act 312 arbitrations, fact finding, and civil rights and employment issues, among others. In his new role, Malcom will be overseeing the Departments of Corporation Counsel, Human Resources, and Risk Management.

Over the years you know I have bragged about my team. Any success that I have enjoyed goes to the fact I can recognize and recruit talent. Malcolm Brown fits comfortably within that paradigm. He's an outstanding addition to our team!

Nancy Scarlet Retirement

Tonight, we also send our best wishes to Nancy Scarlet. Nancy retired the same day as Ken Rogers after 10 years as my director of human resources. When she began her career with the county in 1987 as a personnel technician 1, perhaps she never envisioned working her way to the top of this very critical department. But I can tell you, as county executive, in Nancy, I found one of my most capable team members. During her tenure as director, we transitioned from traditional retiree health care to health savings accounts which saves the county millions of dollars; we fully-funded those individuals who are still on the traditional retiree healthcare; and we launched our employee wellness program, OakFit.

A quick word about OakFit because I think it's one of the hallmark accomplishments during Nancy's tenure. As with everybody in the private sector, the County's self-insured healthcare costs were skyrocketing back in 2006 and 2007. It was hard for us to manage a budget if you have such wild fluctuations in a major part of your budget such as healthcare for your employees. But because of the good work of Nancy Scarlet and her OakFit Wellness Coordinator Dawn Hunt, healthcare became a managed expense for Oakland County. Health care costs were contained and our employees are on the road to better health. It's all about quality of life.

Thanks, Nancy. Your legacy of strong and innovative leadership is guaranteed.

Energy Savings

Speaking of saving taxpayer's dollars, back in 2011, I introduced you to our Facilities Management Department and their yeoman's work to reduce energy consumption in our buildings which, in turn, produced significant savings on our utility bills. A 10 percent reduction in utility costs was accomplished by adopting energy efficient policies in the county and installing energy-saving equipment. That year, 2011, I pledged to reach the 15 percent reduction mark by 2015.

Well, guess what? It's 2015. I've checked in with Art Holdsworth, our director of Facilities Management; and Bob Larkin, the manager of the Facilities, Maintenance & Operations Division, and they have some good news to share. Not only did we meet our pledge to reduce energy consumption on our government campus 15 percent by this year, but we actually exceeded our goal reaching a savings of 15.6 percent. To translate that into dollars saved, it was \$4,711,169 in annual savings. We will certainly reach \$5 million by the end of this fiscal year.

One of the items that should put us over the top in cost savings is a project that is currently underway: the replacement of 600 high-illumination lights in our parking lots at most of our buildings with more energy-efficient lighting. LED lights will supplant our current high-pressure sodium lights generating significant savings over time.

100 Day Challenge

Did you know that veterans make up less than eight percent of the population, but represent 16 percent of homeless adults? Think about that as I tell you about the 100 Day Challenge.

On November 19, our Veterans' Services Division, led by Public Services Director Mark Newman and Veterans' Services Manager Garth Wootten, accepted the 100 Day Challenge to stamp out veteran homelessness. Veterans' Services partnered with the county Health Division's Homeless Healthcare Collaborative, Detroit VA Healthcare System, Michigan Works!, Treatment and Training Innovations, Oakland Livingston Human Service Agency and Community Housing Network to eliminate veteran homelessness in Oakland County by March 1. As with everything they do, Garth's staff has done an outstanding job by housing 70 veterans during the challenge so far.

We owe a debt of gratitude to all of our veterans. I'm counting on all of you to join our efforts to ensure every veteran in Oakland County has a place to call home before our March 1, 2015 deadline. If you know of a veteran who is homeless or at risk of homelessness, contact one of our veterans' benefits counselors or just go to OakGov.com/veterans, or call me and I'll connect you with Veterans' Services.

Awards and Recognitions

Every year, we are proud of the awards and accolades Oakland County receives - on both a state and national level - recognizing my team for excellence in government. I've already told you about a few earlier in tonight's speech. I've picked out three more to highlight in this closing section. The rest of the awards we received throughout 2014 are running on the screen behind me.

Government Technology Magazine and the Center for Digital Government declared that Oakland County has the best county government website in the United States! The Center for Digital Government also declared – once again – that we are among the most digitally advanced counties in the nation.

Government Technology Magazine wrote that our website is the Best of the Web because of our “unique approach to mobility, attractive and simple interface, and the black-and-white cost savings it enables.”

We are a leader in using technology to improve services while reducing costs. Kudos to our IT Department led by my Deputy and CIO Phil Bertolini and Director Ed Poisson.

I'm smiling because I know where we were when I first came into office. When I got here in 1993, there was no IT Department as such. Only 200 dead terminals spread throughout the county; no network,

certainly no connection to the internet. Basically, we were at ground zero, in some cases still using three by five cards to maintain records. So when you end up 22 years later designated as “The best county government website in the United States,” you’ve got to smile.

Next, Oakland County’s purchasing unit has been ranked the best in Michigan. That may not sound like much of an accomplishment to some, but I’ve watched and learned over the years that purchasing is the soft underbelly of government where funds are first being introduced into the system. That’s most likely the portal of perfidy, kickbacks, and embezzlement.

(The “portal of perfidy.” I’ve got to confess I like that. I was sitting in a restaurant in Washington D.C. recently, I think it’s called the Iron Gate Restaurant, doodling on a napkin and I had this – well, to be honest – flash of genius – “portal of perfidy.” Anyway, I digress.)

The Michigan Public Purchasing Officers Association presented its Agency of the Year award to the county at its annual awards banquet last year. This award recognized Oakland County for its innovations in public purchasing. With Director Laurie VanPelt, our Compliance Officer Pam Weipert and Purchasing Manager Scott Guzzy at the helm, our purchasing staff is made up of individuals of the highest caliber. This award reflects the excellence they bring to their job every day. They ensure that every dollar the county spends is transparent, accountable, and conforms to county policy and the law.

Some of Oakland County’s purchasing innovations include cooperative contracts. Such contracts provide smaller local units of governments with access to goods and services at a much lower cost than they might otherwise realize. Cooperative contracts also provide vendors with additional business. Purchasing currently has 35 cooperative contracts available to any government entity in the cloud at G2G Marketplace (G2GMarket.com).

Other innovations include posting all of county contracts and change orders online in the interest of transparency. Some governments – especially Washington D.C. – talk about transparency... we live it.

Finally, a little recognition for Oakland County International Airport and its staff. Two facts about our airport: One, it’s the second busiest airport in Michigan – second only to Detroit Metropolitan Airport. Two, since the county took over airport operations in 1968, the airport has never closed due to snow – including this past week. That feat is so incredible that Oakland County International Airport has received four awards for snow removal in the past decade from the American Association of Airport Executives. That’s thanks to the outstanding dedication of our airport maintenance mechanics supervised by the recently retired Matt Treais, our Aviation Manager Karl Randall, and Central Services Director Dave VanderVeen. Gordon Marshall has since replaced Matt. You’ve got big shoes to fill, Gordon.

Oakland County Award and Recognitions

Automation Alley

Economic Development Partner of the Year by the Macomb County Department of Planning & Economic Development

Executive Director Ken Rogers, *Honorary Committee Member*, Intelligent Transport Systems World Congress in Detroit

Director of International Business Services Noel Nevshehir, *Appointed to serve on the Industry Trade Advisory Committee on Information and Communications Technologies and E-Commerce* by the U.S. Trade Representative Office and U.S. Department of Commerce

Board of Commissioners

Board of Commissioners, *2014 NACo Achievement Award - Prevent Gun Violence in Oakland County and Public Awareness*, Public Services Committee undertook a thorough review of the threat of gun violence to the community with experts from many aspects of the issue and agencies to gauge the current situation. Public participation was highly valued and encouraged with technology. The Committee and full Board adopted the report "Gun Violence in Oakland County" unanimously in July, 2013.

Board of Commissioners, *Youth in Government Program featured as a model effort* in the 2014 NACo publication "County News" for National County Government Month.

Central Services

Central Garage Manager Todd Birkle, *Appointed to General Motors Law Enforcement Product Council* Oakland County International Airport, *four snow removal awards* in 10 years from the National Association of Airport Executives

County Executive

L. Brooks Patterson, *Governing magazine's Public Officials of the Year*

Courts

Circuit Judge Joan Young, *2014 Judicial Excellence Award* named after the late Michigan Court of Appeals Judge Hilda Gage

Circuit Judge James Alexander, *Oakland County Bar Association's Distinguished Public Servant Award*

Circuit Judge James Alexander, elected *Chair of the State Bar Judicial Council* for 2014-2015

Chief Assistant Friend of the Court Pam Sala, *2014 Program Awareness Award* Recipient from the Michigan Family Support Council

Circuit Judge Colleen O'Brien, elected *President of the Michigan Judges Association*

Economic Development & Community Affairs

Workforce Development Division, *Certificate of Appreciation* from the Society of St. Vincent DePaul's Matchan Nutrition Center

Workforce Development Division, *Certificate of Recognition* from Pontiac's Golden Opportunity Club

Workforce Development Division, *Certificate of Recognition* from the Oakland County Board of Commissioners for the Division's participation in the Holiday Extravaganza

Kristie Everett Zamora, reappointed by Governor Rick Snyder to the Michigan Commission on Services to the Aging

Facilities Management

Gold Award for Michigan Green Communities Program from the Michigan Municipal League
2014-2015 Environmental Stewardship Award from Michigan State University and the Michigan Turf Grass Association

Health & Human Services

Health Division, *met or exceeded all 124 essential requirements in an intensive State of Michigan accreditation review* receiving special recognition in every section for best practices and innovative initiatives from the Michigan Department of Community Health, Michigan Department of Agriculture and Rural Development, and Michigan Department of Environmental Quality

Health Division, *2014 Public Health Community Achievement Award* from The Michigan Association of Local Public Health and Michigan Public Health Association for the Health Division's initiatives to halve infant mortality rates in the African-American community

Health Division, *2014 NACo Achievement Award – Safe Sleep Trainer* to prevent accidental strangulation or positional asphyxia among infants

Health Division, *2014 NACo Achievement Award – Healthy Oakland Partnership – Farmers Market Team* to increase fruit and vegetable intake and access to healthy, safe food among Oakland County residents through a comprehensive Farmers Market Program

Health Division, *2014 NACo Achievement Award – Oakland County Health Division Social Media Messaging Team* consisting of 20 public health employees to implement a strategic social media plan

Health Division, *2014 Community Service Award – Michigan Recreation and Parks Association* in conjunction with Oakland County Parks and Recreation for joint efforts to create accessibility to affordable fruits and vegetables for low-income residents visiting the Oakland County Market

Health Division, *Innovation in Health Care Award from the National Kidney Foundation of Michigan – Healthy Pontiac, We Can*, a coalition, facilitated by Oakland County Health Division, to prevent chronic health conditions in the City of Pontiac

Health Division, *2014 NACCHO Model Practice – Homeless Healthcare Collaboration* to identify available resources, gaps in services and barriers experienced by both individuals who are homeless and those who provide services to them

Health Division, *2014 NACCHO Promising Practice – Closed POD Planning Toolkit for Special Populations* for use by its partner businesses to help reach the national goal for vaccinating the 1.2 million residents of Oakland County within 48 hours in the event of a bioterrorism incident

Health Division, *2014 NACCHO Promising Practice – Public Health Nursing and Substance Abuse Team* for the Prior Authorization Central Evaluation (PACE) program at the Health Division's Office of Substance Abuse Services which serves as the access point for publically funded substance abuse treatment with a primary goal to address a client's readiness for change then screen, authorize service, and refer them to appropriate treatment services

Valencia Vanner at Children's Village, *Michigan Juvenile Justice Worker of the Year (Residential Treatment)*

Tyler Frederick at Children's Village, *Michigan Juvenile Justice Worker of the Year (Detention)*

Children's Village, *2014 NACo Achievement Award – Transitions Academy for Girls* is a female gender specific treatment program designed to provide services that strengthen self-esteem, reduce risk factors that lead to re-offending and provide pro social skills for girls transitioning to young adulthood.

Children's Village, *awarded a \$4,000 grant* from the State of Michigan Council for Arts and Cultural Affairs

Human Resources

OakFit Employee Wellness Program, *Governor's Fitness Award – Outstanding Healthy Workplace Diamond Level Winner, Very Large Division Category*

OakFit Employee Wellness Program, *Best and Best in Wellness Winner Award* from the Michigan Business and Professional Association, the Michigan Food and Beverage Association, Wellco and Corp! Magazine

Information Technology

IT, *Best County Government Website (www.OakGov.com) in the United States, 2014 Best of the Web* awards from Government Technology and the Center for Digital Government

IT, *Cybersecurity Leadership and Innovation Award* from the Center for Digital Government

IT, *2014 Digital County Survey Award* by the Center for Digital Government and the National Association of Counties, which recognizes leading examples of counties using technology to improve services and boost efficiencies. Oakland County ranked among the best counties for the 10th year in a row.

IT, *2014 NACo Achievement Award – Cyber Incident Response Plan* which brings needed resources together in an organized manner to deal with any adverse event related to the safety and security of Oakland County Information System Resources.

IT, *2014 NACo Achievement Award - G2G Cloud Solutions Over the Counter Payments* allows government agencies to take credit card payments in person at government offices and service centers.

IT and Economic Development & Community Affairs, *2014 NACo Achievement Award – Virtual Collaboration*. The two county departments implemented MicroSoft Sharepoint collaboration tools. The purpose of these tools was to reduce the knowledge gap between EDCA employees by allowing employees who are geographically dispersed to collaborate and share information more efficiently.

CLEMIS, *2014 NACo Achievement Award – CITATION*, a web-based system designed to have the same look and feel from a desktop or a mobile device. It provides all the tools a law enforcement agency needs to properly create, store, and retrieve citation information.

CLEMIS, *2014 NACo Achievement Award - CLEAR (Consolidated Law Enforcement Advanced Records)*, provides Law Enforcement agencies a complete records management system as easy to use as the Internet with all the tools a law enforcement agency needs to properly record, store, and retrieve departmental and criminal records.

CLEMIS, *2014 NACo Achievement Award – CRASH* provides Law Enforcement agencies an efficient and user friendly way to create accident reports on their mobile data computers and/or a PC back at the police station.

Management & Budget

Purchasing Division, *Purchasing Agency of the Year Award* from the Michigan Public Purchasing Officers Association

Fiscal Services Division, *Award of Excellence* for the county's annual Popular Annual Financial Report for the 17th straight year from the Government Finance Officers Association of the United States and Canada

Fiscal Services Division, *Certificate of Achievement for Excellence in Financial Reporting* for the county's Comprehensive Annual Financial Report for the 23rd straight year from the Government Finance Officers Association of the United States and Canada

Fiscal Services Division, *Outstanding Budget Presentation Award* from the Government Finance Officers Association of the United States and Canada since 1984

Parks & Recreation

Parks & Recreation, *Marketing Award for the Oakland County Market* from the National Association of County Parks and Recreation Officials

Parks & Recreation, *Historical/Cultural Facility Award for the Ellis Barn* from the National Association of County Parks and Recreation Officials

Parks & Recreation, *Video Award Proposed Adventure Recreation Park* from the Michigan Recreation and Park Association

Parks & Recreation, *Community Partner Award –Oakland County Market* from the Waterford Chamber of Commerce

Matthew Pardy, *Michigan Recreation and Park Association New Professional*

Public Services

Oakland County Natural Science Program Coordinator Carol Lenchek, *Institute Team Award* at the 2014 MSU Extension Fall Conference

4-H Tech Wizards Program Coordinator Lisa Kelley, *Mentor Michigan Fisheries Mini-Grant* from Michigan Department of Natural Resources

Sheriff Department

Sheriff Michael J. Bouchard, *One of 2014's Most Influential People in Security in the State/Local Government Security* by Security Magazine

Captain Clay Jansson, *2014 Ray Helfer Child Advocate Award* from the Michigan Professional Society on the Abuse of Children for his work with the Michigan Child Death State Advisory Team

Captain Clay Jansson, *Chairperson for The Citizens Review Panel on Child Fatalities* for the State of Michigan.

Lieutenant Wendy Reyes, *Certificate of Excellence* from CARE House

Detective Dan Main, *Distinguished Service Award* from the Oakland County Prosecutor's Office

Detective Frank Lenz, *Medal of Valor* from the Detroit Police Department

Treasurer's Office

President's Award from the Pontiac Downtown Business Association for efforts to promote small business lending and investment in Pontiac.

Water Resources Commissioner

Commerce Township Wastewater Treatment Plant, *Platinum Award* from the National Association of Clean Water Agencies for the ninth consecutive year

Walled Lake-Novu Wastewater Treatment Plant, *Platinum Award* from the National Association of Clean Water Agencies for the eighth consecutive year

Closing

When you leave tonight, I hope you walk out with the feeling that you are living in a well-managed county and that the dollars you pay in the form of taxes are carefully invested and scrupulously monitored throughout the year. Again, I'd be less than honest if I didn't give credit where credit is due: to my great staff you see here on the screen behind me.

I'm asked from time to time what my intentions are next year when 2016 rolls around and I'm facing a decision on whether to run for a seventh term. I've got to be honest. In thinking about retirement, I recently looked at my 401(k) and my deferred comp and I thought to myself, "Hell, I can live pretty good on this..." Not sure what I'd do the second week.

I think you all know that if I choose to run again – and I wouldn't bet against it – it's not the money that would draw me back for a seventh and final term, it's the fact that I've thoroughly enjoyed every day I've worked in Oakland County government, first as Prosecuting Attorney and now as County Executive. When I am out in public I can truly sense and feel a strong bond that's developed between me and the people I serve. I think they know and appreciate that I've given it my best shot.

I guess what I'm trying to tell you is that if you think you are attending your second from last State of the County Address, you better think again!

Don't worry about that loud noise – that was just Sheriff Bouchard jumping.

Thanks for coming tonight. You guys are great!