

State of the County Address
Paul Gieleghem, Chair
Macomb County Board of Commissioners
February 25, 2010

Thank you, Craig and Maria, for that introduction. It was heartfelt. I am honored that you perceive my service in that way.

I also want to thank the Chamber Alliance for hosting this event again this year. We are grateful for the work the Chambers of Commerce do all year long. Thank you for your service to our community. Your work is critical to our future.

(Recognize local officials and other dignitaries who are present.)

Thank you to my colleagues from the Board of Commissioners who have joined us here today. Over the past year, we have had some vigorous debates. Through it all we have worked together, for the good of the county, and in spite of our differences.

We are committed to serving the best interests of the citizens of Macomb County. The focus for all of us is working to change the way we do business to make sure we are in a position to compete.

This fundamental change is the challenge of our time.

For Macomb County, the change has been real and fundamental – it has been painful for the people that depend on the services we provide and in many cases for the people that provide them. We understand, however, that the result of these changes puts us in a stronger position to compete for a better future.

In Macomb we confronted our problems by:

- Enacting forward-looking reforms,
- Exploring new partnerships in business and education,
- Balancing two budgets in one year---which, by the way, allowed us to start 2010 with a balanced budget for the first time in six years.

Reform, collaboration and fiscal responsibility is the platform on which we now set Macomb County's sights on the future.

A Year of Forward-Looking Reforms

To first turn our attention to reform:

A year ago at the State of the County Address, I made the case that we needed to make fundamental changes to our county government in order to face the challenges ahead. Those changes are now certain.

Last November 3rd, county voters took a historic step by approving the county's first charter.

With this charter, we will jettison a form of government designed in the 19th century and replace it with one that will lead us into the 21st.

We are in an era that requires government to be leaner, smarter and more responsive with a hundred percent focus on the future.

This charter cuts the cost of government and streamlines bureaucracy. It cuts the Board of Commissioners in half from 26 to 13 members. And it gives us a County Executive. This structure should expand on the work already begun, bringing about a new era of economic development for Macomb County.

Most importantly, it provides you as citizens and voters of this great county - someone you can hold directly accountable. The County Executive will have to provide vision, direction and bear responsibility for the actions of your county government. Ultimately you will get to provide the evaluation of his/her success every four years. For that reason alone, these changes are well overdue.

The process was certainly not easy. Our first attempt at the Board of Commissioner level failed when we only found 9 members willing to support this reform. As a result, a collaborative effort of the Chambers of Commerce, unions and everyday volunteers was formed and we took the case directly to the public. The voters agreed, elected and directed a Charter Commission to move forward.

Macomb County is now the only county in the history of Michigan to voluntarily go through the process of enacting Charter reform.

As the process to streamline government was unfolding, the Board of Commissioners recognized that we could not wait for this new form of government to be installed before trying to change the way we do business and modernize outdated institutions.

Economic conditions demanded action.

So, while tackling County Government reform, we also confronted a county institution that had been ensconced since the 19th century.

Skeptics said we could never reform the Road Commission. It was a sacrosanct whose powers were set in stone in Lansing. Never mind the inefficiencies, the duplication or the lack of accountability.

The people of Macomb County made it clear they did mind.

We reached across party lines on the Board of Commissioners and passed a resolution nearly unanimously. State Representative Fred Miller drafted the legislation and, together, we successfully pushed for its passage.

Last November, the people voted to consolidate the Road Commission into county government. As a result, we will have a more efficient and cost-effective approach to the transportation system on which we all depend. This is a critical part of our economic future.

Balanced Budgets: Tough Choices in Tough Times

Structural change didn't stop there. This past year, historic decisions and tough choices were made concerning the budget.

Macomb County's structural issues began in 2004. While the county was still growing expenses like health care and energy costs outpaced that growth.

In 2005, the Board of Commissioners froze spending. (We were up against 40 years of growth culture.) In 2006, we began to cut. From 2006 to 2010, Macomb County enacted more than \$48.8 million dollars worth of cuts. We pulled \$30 million from the Rainy Day Fund. We asked our employees to be a part of the solution; most came forward providing more than \$20 million in labor concessions over two years. An increase in the county millage to the voter authorized rate provided \$21 million.

The last two budgets, for years 2009 and 2010 were balanced without dipping into the Rainy Day Fund. This effort required cooperation and sacrifices from everyone. When no one is completely happy with the decisions you've made, you've probably crafted a fair approach.

The budget cutting is certainly not over. Because property values continue to decline, we will face, yet again, budget deficits for 2011 and 2012. Additional cuts will be on top of those that have already been enacted. Yesterday the board tentatively approved a plan to balance the budget through structural change rather than making large, across-the-board cuts again.

Success will be had by starting early, maintaining honest communication and asking everyone to participate. Those who have not made the necessary level of sacrifices in the past will be asked to step up. These are tough times. We proved, however, that we can move forward by working together.

Economic Development: Working Together

The people of this county understand that we are in the wake of a devastating economic crisis. We see the home foreclosures ... we see the job losses ... and we see dreams denied every day.

I don't think anyone believes that conditions will simply change or get better on their own. Status quo is not an option. Simply doing the same things will lead to the same results, and those results mean that we slide even further back.

Families, businesses, or governments ... we all reach a point in our budget process, no matter how complex, that we can't just cut our way out of this. We must find the means to grow our way out.

In a family situation, it might mean going back to school to upgrade your skills. In business, it might mean diversifying into new markets. For Macomb County, it means expanding our economic development efforts to help existing businesses and attracting new investment.

You may ask: How does a county with falling property values and declining revenue and perpetual budget shortfalls find the resources necessary to exponentially ramp up Planning and Economic Development?

I'm glad you asked!

Macomb County has developed a strategy which requires "all hands on deck." And, in this economic climate, our deck hands now come to us by way of COLLABORATION and NEW PARTNERSHIPS.

--Our biggest success under this strategy has been the Macomb County/Oakland University Incubator. With additional partners like the City of Sterling Heights and the MEDC - along with federal funding secured by Congressman Levin and Congresswoman Miller - the Incubator is now home to 10 tenant companies and 14 technical support companies. It provides new start-up companies with advanced and highly technical wrap-around support.

--The Procurement Technical Assistance Center (PTAC) located in Warren is a partnership between Macomb Community College, the Department of Defense and the State of Michigan. It specializes in increasing the number of Michigan and Macomb County firms that win defense contract work.

--Automation Alley has recognized that Macomb County is the core of the Michigan's Defense Industry and now has an office in the Incubator, staffed by three people, five days a week helping our manufacturing base venture into the world of federal diminishing military parts. (new parts for old tanks)

--If you are an aspiring entrepreneur in need of help writing a business plan, Wayne State University School of Business Management students are on hand, every day on the 8th floor in the County Administration Building.

--Our second class of future entrepreneurs will soon complete their business development training in the FastTrac program and a third round of the program is planned. This valuable training is made possible by philanthropic funding.

--The Michigan Small Business and Technology Development Center is funded by the federal Small Business Administration and Grand Valley State University and helps new and second stage businesses grow and mature. Macomb County clients of this program have produced more than 1,016 jobs and helped retain 2,363 jobs. This represents more than \$85 million in investment.

--Want to take the products that you make here in Macomb County and export them to markets overseas? You can call our Export Assistance Center a collaborative between Macomb County and the US Dept of Commerce.

--County leaders have been instrumental in the development of the Macomb County Cultural and Economic Partnership and are working to breathe life into Macomb County's efforts to export. Last year, we initiated the Harmonious Hand Strategy talking about developing business, government, schools and language, higher education and cultural exchange RELATIONSHIPS.

I want to expand on this point for just a moment.

While it is one thing to have a strategy, or send our economic development specialist overseas on a trade mission, it is another thing entirely to back up that investment with an established, sustained, relationship-building program that can actually attract and nurture a return investment.

Last fall, a group of 17 individuals representing public, educational, business and cultural organizations participated in the first Macomb County China Trade Mission. These people took the initiative to go at their own expense. They set out to bolster their existing programs, or explore new possibilities.

That was merely the beginning. There are two more trade missions planned for this year. These endeavors will solidify the relationships that have been started, encourage new investment, and open markets for export.

--Our newest economic development initiative involves marketing one of the most obvious, and precious resources: water. Southeast Michigan is known as a place with the highest boat ownership per capita of any place in the country. Marina owners, who were once fierce competitors, began to call each other and say, your business is down, so is mine, how do we work together to bring our businesses back and market this incredible resource. Yesterday the Board of Commissioners approved a plan that links water related business with Michigan State University, lakefront communities and county government to hire a new economic development coordinator dedicated entirely to water quality, recreation, boating, and tourism.

While partnership and collaboration help us expand county government economic development outreach, we need to honor the commitment of those that put it together on their own. I would like to commend them for their commitment to holding on and sticking it out right here in Macomb County.

Businesses like Kropp Woodworks are paving the path toward the future. This is a company that was started by a husband and wife team. They opened a business in Mt. Clemens designing custom-made kitchens. First, they made things for the local market. Then, they learned how to export -- to Alaska, to London and elsewhere. They have weathered the economic downturn and are coming out ahead. I think Paul Kropp is here. Kropp Woodworking will soon host Commissioners and elected officials to he can share with us what he's learned, his success story and we can help spread the word.

Our sponsor today, Omega Solutions, is owned by Craig Sherman and Maria Silamianos Sherman. Craig and Maria have chosen to keep Macomb County as their business home base while they've expanded and grown. We appreciate their commitment to our community.

In former times, our focus was inward. Everybody and everything came to us. This dynamic has changed. We now have to go out and fight for it every day like everybody else.

The local governments, state agencies, non-profit organizations, colleges, universities and local businesses that are committed to a maintaining a presence here will help us grow and meet the challenges ahead.

Higher Education on Board for Transforming Our Community

As we talk about "All Hands on Deck," we must pause to applaud the work of Macomb Community College. MCC continues to be a tremendous asset in the fight to shape a new economic future. It serves a huge, growing population as people return to school for retraining or shift back from state universities when the cost of higher education exceeds their means. The dedication of everyone involved in this educational bulwark of our community is truly astounding.

More county residents are hearing the call to return to school, and if anyone still doubts that Macomb County needs its own university as we transition to the new economy, I would offer the following: there are places throughout the country that have already experienced a similar, significant downsizing or complete loss of their signature industries. Those that have successfully repositioned themselves to compete have done so by partnering with universities.

- The best example is Pittsburgh: they lost the steel industry and resurfaced as a center for medical research.
- The decline in textiles in North Carolina was replaced through the emergence of a thriving Information Technology sector.
- Even more significant for Macomb County is that large parts of the University of Alabama have been moved from Montgomery to Birmingham in order to support a growing Defense Industry there. They are focused on aero-space; in Macomb County we have ground systems. They are after our business, and we are after theirs. They are partnered with their university, providing them a competitive edge.

To attract world-class companies and jobs, we need a world-class university. We will keep up a vigorous campaign until this vision becomes a reality.

But we need to deal with today as we work toward this goal, so we will continue to collaborate with those that display a commitment to work with us: Wayne State University, Michigan State University, Oakland University and Baker College.

Other partnerships are in the works. This is the path we must travel to the future.

Earlier this week, the MSU College of Medicine formally opened its new location at the University Center in Clinton Twp.

A few weeks ago, we dedicated a new WSU facility which is housed in the former County Library – this facility offers up-to-date reference and research services and university level classes right here in the county. This partnership brought \$3.2 million in investment from Wayne State and saved the county \$2-\$3 million in return. As the Wayne State Vice-President for Outreach has said, “(this is) a bricks-and-mortar testament to the power of collaboration.”

By forming partnership models like this, we can pool scarce resources, focus on the practical needs of the people in this community and help set a new direction for Macomb County.

Last week, an announcement was made that Macomb Community College will receive \$5 million in federal funds to train 1600 people for defense-related jobs. We want to thank Congressman Sander Levin and MCC for their leadership on this achievement.

Jobs Can't Wait

Training for what? It's a valid question. Even with strong and forward thinking leadership, economic growth occurs over time. But, the people of this county can't afford to wait jobs. We can't afford 15 to 20 percent unemployment rates. And we can't afford to let political nay-sayers or corporate greed stand in the way.

We need action now.

Our combined efforts must be focused on the real engine of our economy – the individual person and his or her job. The longer the delay, the greater number of families who lose their homes to foreclosures ... more businesses shut down ... and we all slip further back.

Giving bailouts may have worked for the banks but it doesn't work for the jobless. Doling out tax breaks to people at the top may have worked for those few, but not for the people who live in Roseville or South Clinton Township. Retraining is great but not if there are no jobs at the end of the program.

The fundamental basis of our economy is this:

- People with jobs create more jobs.
- People with jobs spend their paycheck at local shops.
- People with jobs have the chance turn their talent into innovation.
- People with jobs invest in education for a new generation.
- People with jobs have hope.

Two days ago, we held a jobs hearing that made this case crystal clear. We need public sector programs to get people back to work. These may be temporary jobs, but this is an emergency and we can't wait any longer.

Let's offer a person who has been out of work for a year a chance to work for a non-profit at work that really matters. Let's give a person who is looking for a job a chance to use their skills, talents and their energies on a project that will give back to the community, restore morale and give them a leg up for jobs in the future.

Jobs must be at the top of our priority list.

New Direction for the Future

As I stand here today, I am aware that this is the last time a Chair of the County Commission will present this kind of report. I am the last Chair who will have the kind of responsibilities I have. I believe that is progress.

Next year, we will inaugurate our new county executive.

Many of the county commissioners who are here today will be taking up new roles in a smaller, more focused, more efficient board of commissioners.

We have set this county in a new direction. And we can not go back to old ways.

We must remain rooted in the hard-working, down-to-earth, let's-get-the-job done values that are at the heart and soul of the people of Macomb County.

We will face some of the toughest economic realities of any place in this country.

We will have another tough, roll-up-your sleeves year ahead of us. And, honestly, there will be many more to follow.

I am up for that challenge. I believe you are too.

The people of this county have the grit and determination and a willingness to fight for our future. And I am proud to be part of that fight.

This is my home. It is where my wife Sara and I are raising our two daughters. We are surrounded by good friends and neighbors who, even in the toughest times, inspire us with their courage and their concern for each other.

As I look out on the waters of Lake St. Clair, even on a cold February day I am reminded, again, of the spirit that makes this place special.

Macomb County ... Michigan ... the Great Lakes ... with pride in where we come from Let's go forward together.