



## Office of the County Executive

Bob Ziegelbauer, County Executive

Manitowoc County Courthouse • 1010 S. 8<sup>th</sup> Street • Manitowoc WI 54220

Office: 920.683.5107 • Cell: 920.323.7497

bobziegelbauer@co.manitowoc.wi.us • www.bobziegelbauer.com

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### *Accountability • Respect • Customer Service*

October 18, 2011

Ladies and Gentlemen of the Manitowoc County Board:

The Manitowoc County 2012 budget that I'm proposing to you today calls for a tax levy for 2012 operations of \$28,636,506.03 to support total spending of \$60,207,232.95. Since the increase in the tax levy is less than the 0.76% growth in property attributable to new construction for 2011, for the **sixth year in a row** typical Manitowoc County taxpayers will see a **slight decrease** in the taxes they pay for Manitowoc County government.

This budget is built upon two principal themes; for the sixth year in a row continue to hold the line on the growth in property taxes while still providing high quality essential services to the citizens of Manitowoc County; and provide employment stability to Manitowoc County employees in a time of great economic uncertainty.

The past five years have been full of challenge and change. We all know about the difficult economy and its affect on our community. It has a severe impact on the resources available to local government as well. (This is further illustrated in the attached page from the miscellaneous section of the budget booklet.) Budgets have been very difficult for everyone, but as challenging as prior budgets have been, this is perhaps the most difficult budget yet.

A willingness to make difficult but necessary decisions has allowed us to hold the line on property taxes for the past five years, while still providing high quality essential services needed by the people of this community. We have sought to aggressively and continuously restructure County government to respond to our changing world, managing within the reality as we found it, trying to anticipate what would happen next, all while striving to deliver high quality County services, keep government affordable to taxpayers and preserve the jobs of our employees. We have critically examined the services we provide and where other entities could provide those services better. We completed repairs to the Courthouse that will serve generations to come, and we are close to completing a comprehensive radio project critical to public safety.

Here is a partial list of the successes we have achieved together over the past five years:

1. In 2006 upon taking office we immediately confronted the issue of the rapid growth of employee health insurance costs which threatened our viability as an employer. Annual health insurance costs were approaching \$20,000 per employee, growing at a rate to double every 5 or 6 years with no end in sight. Working with our Personnel Department, and with the valuable cooperation of our Health Department, Non Bargaining, and Sheriff's Patrol Division employees we were able to embark on a path implementing health care consumerism in the form of a preventive care wellness based, high deductible health insurance coverage coordinated with an income tax subsidized Health Savings Accounts that was expanded to all county employees later in 2007. Our goal was to provide great coverage for employees while containing the growth of costs. The results have been striking. Our health insurance coverage is the best around, employees are engaged as important decision makers about their own health care, and costs have leveled off at a time when others are seeing huge increases in premiums.
2. In 2007 and 2008 the status of the Health Care Center was carefully considered which ultimately led to the successful sale of the county owned facility which had previously required millions of county taxpayer dollar support every year. The sale was concluded on February 29, 2008 under favorable terms with a private operator who continues to provide high quality nursing home and rehabilitative services to the people of Manitowoc County.

3. In 2008 and 2009 the county courthouse underwent a much needed roof restoration project along with a comprehensive rebuilding of each of the public entrances which were in dangerous disrepair. The multi million dollar project completed in 2009, now provides safe and convenient public venue into the headquarters of county government.

4. In 2009 and 2010 a million dollar plus jail technology project updated the control and supervisory mechanisms necessary to operate a modern jail with capacity in excess of 150 prisoners a day.

5. In late 2010 we began the near total rebuilding of the county communications system from top to bottom. A \$15 million dollar plus project will be put into operation in the next few months and includes new towers, joint dispatch center and headquarters building, along with all the sophisticated new radio equipment necessary to conform to changing federal regulations. Nearly every county in Wisconsin will be facing the need for this type of project. We are fortunate to be among the first to complete ours and provide modern emergency communications capabilities to the people of Manitowoc County.

6. As part of the communications project we made important upgrades to our Information Technology infrastructure. All County departments depend upon the technology provided through this department. Relocating it in secure quarters in the new Communications and Technology building and making necessary upgrades to equipment to support our operations was vital to our long term success.

7. In doing all of these things we've kept our financial viability intact for the long run by keeping our debt load low and borrowing only for the major communications rebuild project. Manitowoc County now has a relatively low level of long term debt to repay which reduces our financial risk going forward.

As this brief summary shows, we have not stood by idly during this struggling economy while the world has changed around us. We've focused on our mission and made the investments necessary to position County government to be a positive factor in the life of our community. Throughout the economic chaos of the past few years we have worked hard, kept two principle goals in mind; to keep government affordable by holding the line on the growth of property taxes; and by doing all we can to provide stable employment for our valued county employees.

We have also continuously restructured the operations of county government to respond to the rapidly changing environment we face. Nearly every department has undergone major staffing changes as we have streamlined our management structure and flattened organizational charts. As a result Manitowoc County government is more nimble, more able to adjust to continuing change in the future.

We've appropriately handed off functions to others better equipped than we are to deliver certain services. In 2010 the responsibilities of our Long Term Care division in the Human Services Department was taken over by the newly created Lakeland Long Term Care District which delivers the State's "Family Care" program. The 2008 sale of the Health Care Center to a private operator allowed for continuing sustainable success of that facility providing nursing and rehabilitative services at a time of rapid change in that industry. Beginning in 2009 our Highway Department was reorganized to cease operation as a construction company that competed with private industry for road business and has been retooled to a sustainable size and shape that will allow us to focus on our primary responsibility for state and county highways for years to come.

We've also expanded our efforts to act collaboratively in areas where we have critical resources or expertise needed to assist other governmental units. The multi million dollar investments in communications facilities and annual appropriations providing joint dispatch services to all emergency providers throughout the County are the best example of this. In 2012 we will begin a partnership with Kewaunee County to deliver a wide range of services through a two county Aging and Disabilities Resource Center (ADRC).

In the past few years we've brought to the forefront the urgent need to address personnel compensation costs that were growing increasingly beyond our ability to fund them. Since one of our principle goals has been to provide employment stability, we have made proposals for modest voluntary changes in wages or

fringe benefits that would have protected many employees from the loss of their jobs. In 2009, 2010, and 2011 we suffered significant job losses because we were unable to reach an agreement with the labor unions which represented our employees. Thanks to changes in the public sector collective bargaining laws passed by the State Legislature this past year we were finally able to make the modest changes needed to protect these jobs and achieve the goal of employment stability.

As a result of the legislative changes our personnel costs can be managed. Most general employees and elected officials are contributing directly to the employee share of the cost of their retirement benefits. Protective employees exempt from this requirement will be shouldering an offsetting increased amount of the responsibility for their health care costs. The fringe benefit package contained in the proposed 2012 budget remains very comprehensive and competitive, which allows us to retain our valued employees and recruit talented replacements as necessary. Our responsibility to our employees demands that we do all we can to provide stability of employment for the future.

This budget meets that responsibility by providing an outstanding package of pay and fringe benefits to all of our employees while recognizing the positive impact of their contributions to fringe benefits on costs. Since the changes in the law took effect we were able to re-staff our Highway Department to a sustainable level year round and moderately reinforce other departments as needed to continue to provide high quality services. Most importantly, I'm delighted to report that this budget proposal protects all Manitowoc County employees from the threat of layoff.

As mentioned earlier, this budget proposal pulls very hard on every tax dollar entrusted to us, stretching it as far as possible. Tough choices had to be made to get where we needed to go. There were many proposed new expenditures we would have preferred to include that were cut out. The budget proposal contains several other items necessary to make the entire package possible that I would like to draw to your attention:

1. We use only a modest amount of reserves (\$202,604) to balance the budget. There are no excess reserves available to further reduce the tax levy.
2. Manitowoc County Expo has done an outstanding job of restructuring their operations to make them viable for the long run. Good planning and great weather have made the last two County Fairs successful, but beyond that we need to remember that Expo is actually 52 week a year business operation. To help keep them focused on continuing the business as a going concern I am proposing that Expo begin to modestly repay some of the hundreds of thousands of dollars of County support supplied over the years with an annual \$25,000 transfer back to the general fund. I am confident that they can handle this without concerns of denying them the resources needed to succeed and believe it will add an important business like element to the climate there.
3. Although there is no across the board pay increase for employees included in this budget proposal, employees will continue to progress through their normal pay schedules currently in effect unchanged. The budget also continues for 2012 the current practice of paying 100% of full time employees' health insurance premiums. Our change to a consumer centered Health Savings Account based plan has been very successful in what it set out to accomplish, containing the growth of health care costs while providing extremely high quality coverage to our employees. All employees should share in the benefits of that success especially in light of all of the other changes enacted this year. It is an important positive statement regarding our fringe benefit package for employees.
4. Included in this budget is a proposal to simplify overtime rules to pay overtime as required by the Fair Labor Standards Act (FLSA), except to continue to pay overtime in excess of the FLSA minimum for all time worked on actual holidays. For most employees, this means that overtime will be paid when over 40 hours per week are worked. For employees holding the position of corrections officer or an employee with arrest powers, this means that overtime will be paid when over 171 hours have been worked in 28 days.

5. Currently there is a complex, confusing, and cumbersome schedule with a multitude of pay rates for County employees. The budget proposes to commit to the process of developing equitable and simplified wage schedules for the future that more accurately reflect the complexity of the work performed and local labor market conditions, and in the meantime reduce the dollars paid attributed to longevity by 50% in 2012, by 100% in 2013. The new wage schedules would be presented to the County Board in order to allow implementation a year from now, on January 1, 2013.

6. The budget proposes the conversion of nearly 20 previously "contract" employees to county employment in order to fairly recognize and compensate their contributions to our County organization. These people have been valuable contributors for years to the work we do and ought to be treated fairly as everyone else is. I believe that it's important now that they be included in our organization as full fledged County employees, part of the team. (The details of this and its costs are itemized on a schedule in the miscellaneous section of the budget booklet.)

7. In response to suggestions from County Board members in previous years we have added a new section to the budget booklet which re states and summarizes appropriations on a department by department basis detailing the mission, resources, staffing, and tax levy necessary for each; making for an easier understanding of its impact. The other information included in the miscellaneous section is also important as a reader tries to get a better understanding of the Manitowoc County budget and the challenges we all face.

This budget comes at an important time in our community. We value our employees and the work they do and understand our responsibility to the taxpayers of our community. The economic downturn that began over three years ago is not over. Making decisions can be difficult, but now more than ever we need to make the right ones to help move our community forward.

I look forward to your deliberations and would appreciate your support of these proposals. As is always the case don't hesitate to call on me if I can ever be of assistance to you.

Thank you for your consideration.

A handwritten signature in black ink that reads "Bob Ziegelbauer". The signature is written in a cursive, flowing style with a large initial "B" and "Z".

Bob Ziegelbauer  
Manitowoc County Executive

**Miscellaneous Comparison Page**

Comparison by Year - Actual & Budgeted Amounts for Select Revenue Accounts in the General Fund							
	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Budget 2011	Budget 2012	2012 VS. 2007
Interest Income - Treasurer	\$1,094,638	\$681,328	\$284,565	\$205,580	\$200,000	\$95,000	(\$999,638)
Jail:							
Prisoners Board Mtwc County Res.	\$199,744	\$220,867	\$131,865	\$108,111	\$138,004	\$105,000	(\$94,744)
Prisoners Board-Other Co /State / Fed.	\$669,854	\$626,204	\$387,654	\$457,215	\$400,000	\$156,000	(\$513,854)
	\$869,598	\$847,070	\$519,519	\$565,326	\$538,004	\$261,000	(\$608,598)
State Shared Revenue	\$4,208,763	\$4,210,683	\$4,929,488	\$4,847,684	\$4,846,738	\$4,161,748	(\$47,015)
Co Ordinance Forfeiture	\$171,148	\$176,818	\$181,692	\$206,295	\$185,000	\$150,000	(\$21,148)
Co Share State Fines	\$160,855	\$161,540	\$170,951	\$168,603	\$180,000	\$145,000	(\$15,855)
Court Fees County Share	\$202,280	\$211,645	\$203,019	\$194,966	\$204,000	\$180,000	(\$22,280)
<b>Total</b>	<b>\$6,707,283</b>	<b>\$6,289,084</b>	<b>\$6,289,234</b>	<b>\$6,188,455</b>	<b>\$6,153,742</b>	<b>\$4,992,748</b>	<b>(\$1,714,535)</b>

Comparison by Year - Actual & Budgeted Amounts - Wage & Benefits (All Funds)						
	Actual 2007 *	Actual 2008 *	Actual 2009	Actual 2010	Budget 2011	Budget 2012
Salary & Wges	\$21,486,452.42	\$22,409,157.90	\$22,234,846.10	\$21,070,380.80	\$19,880,948.00	\$21,810,466.00
Health Insurance	\$5,972,427.77	\$5,435,234.48	\$6,574,608.53	\$6,900,900.07	\$6,527,946.00	\$5,755,846.00
WRS	\$2,484,917.75	\$2,571,590.39	\$2,567,383.84	\$2,577,649.13	\$2,478,389.00	\$1,712,500.00
All other benefits	\$2,434,122.54	\$2,581,030.22	\$2,407,644.40	\$2,520,892.02	\$2,509,563.00	\$2,680,568.00
<b>Total</b>	<b>\$32,377,920.48</b>	<b>\$32,997,012.99</b>	<b>\$33,784,482.87</b>	<b>\$33,069,822.02</b>	<b>\$31,396,846.00</b>	<b>\$31,959,380.00</b>
Full Time Equivalent Positions (FTE's)	431.69	437.60	438.47	387.45	362.81	409.33 **

\* Manitowoc County sold it's Health Care Center February 29, 2008. The totals above for 2007 & 2008 EXCLUDE any Salary, Wages, Benefits and FTE's related to the Health Care Center.

\*\* Includes 19.85 contracted service employees converted to County Employees.

Manitowoc County Average Unemployment Rate					
	2007	2008	2009	2010	2011
Manitowoc County Average Unemployment Rate	5.30%	4.00%	9.80%	9.00%	8.60%

Health Insurance Rate Comparison (Annual Rates Shown)			
Year	Single	Family	
2006	\$7,328.88	\$18,336.96	
2007	\$7,872.60	\$19,697.64	
Aug-2007	\$4,485.60	\$11,227.44	
2008	\$4,912.92	\$12,297.12	
2009	\$6,261.60	\$15,672.84	began self-funding
2010	\$7,141.56	\$18,306.12	
2011	\$7,534.08	\$19,313.28	
2012	\$7,021.68	\$17,999.52	

Manitowoc County  
 Wage & fringe benefit comparison for select positions  
 Years 2007 through 2012

Change in CPI from Year Shown through most  
 Current Month available June 2011  
 7.77% 3.11% NA

US Dept of Labor - Consumer Price Index	
All Urban Consumers (CPI-U)	
US City Average	
All Items (December to December)	
Year	%
2007	4.1
2008	0.1
2009	2.7
2010	1.5
2011 YTD (June)	3.0

Position	Dept		2007 Actual	2010 Actual	2011 BUDGET	2012 BUDGET	2007 to 2012 % Increase	2010 to 2012 % Increase	2011 to 2012 % Increase
Social Worker	HSD	<b>Total Wage &amp; Fringe benefits</b>	<b>82,857.56</b>	<b>94,697.18</b>	<b>93,910.49</b>	<b>87,620.88</b>	<b>5.75%</b>	<b>-7.47%</b>	<b>-6.70%</b>
		Salary/Wages	54,260.96	59,182.35	59,182.35	59,241.63			
		FICA	4,150.96	4,527.45	4,527.45	4,531.98			
		WRS	5,751.66	6,510.06	6,865.15	3,495.26			
		Health Insurance	17,927.80	21,342.12	20,849.28	17,999.52			
		Life Insurance	39.07	49.71	49.71	49.76			
		Dental Insurance	0.00	0.00	0.00	0.00			
		LTD	157.36	171.63	171.63	171.80			
		Sec 125	36.60	0.00	0.00	0.00			
		WC	533.15	2,913.86	2,264.91	2,130.92			
		Manager-Mid level	HSD	<b>Total Wage &amp; Fringe benefits</b>	<b>81,668.69</b>	<b>95,508.49</b>	<b>99,781.90</b>	<b>93,225.37</b>	<b>14.15%</b>
Salary/Wages	56,622.12			61,850.29	65,538.78	65,538.78			
FICA	4,331.59			4,731.55	5,013.72	5,013.72			
WRS	6,001.94			6,803.53	7,602.50	3,866.79			
Health Insurance	13,692.84			21,342.12	20,849.28	17,999.52			
Life Insurance	40.77			44.53	47.19	55.05			
Dental Insurance	367.68			371.28	371.28	380.56			
LTD	164.20			179.37	190.06	190.06			
Sec 125	36.60			0.00	0.00	0.00			
WC	410.94			185.82	169.09	180.89			
RN	Public Health			<b>Total Wage &amp; Fringe benefits</b>	<b>75,133.68</b>	<b>88,785.08</b>	<b>88,647.68</b>	<b>84,935.42</b>	<b>13.05%</b>
		Salary/Wages	50,949.32	54,029.27	55,638.89	55,638.89			
		FICA	3,897.62	4,133.24	4,256.37	4,256.37			
		WRS	5,400.63	5,943.22	6,454.11	3,282.69			
		Health Insurance	13,692.84	21,342.12	19,349.28	18,927.12			
		Life Insurance	140.62	149.12	287.10	287.10			
		Dental Insurance	367.68	371.28	371.28	380.56			
		LTD	147.75	156.68	161.35	161.35			
		Sec 125	36.60	0.00	0.00	0.00			
		WC	500.61	2,660.14	2,129.30	2,001.33			
		Clerical	Courthouse	<b>Total Wage &amp; Fringe benefits</b>	<b>55,325.05</b>	<b>66,746.43</b>	<b>66,510.48</b>	<b>61,506.46</b>	<b>11.17%</b>
Salary/Wages	34,726.16			37,913.88	37,913.88	37,913.88			
FICA	2,656.55			2,900.41	2,900.41	2,900.41			
WRS	3,680.97			4,170.53	4,398.01	2,236.92			
Health Insurance	13,692.84			21,342.12	20,849.28	17,999.52			
Life Insurance	179.19			195.64	241.13	241.13			
Dental Insurance	0.00			0.00	0.00	0.00			
LTD	100.71			109.95	109.95	109.95			
Sec 125	36.60			0.00	0.00	0.00			
WC	252.03			113.91	97.82	104.64			
Elected Official	Courthouse			<b>Total Wage &amp; Fringe benefits</b>	<b>78,072.92</b>	<b>91,746.09</b>	<b>94,165.84</b>	<b>89,676.18</b>	<b>14.86%</b>
		Salary/Wages	53,117.62	58,043.06	59,784.35	61,577.88			
		FICA	4,063.50	4,440.29	4,573.50	4,710.71			
		WRS	6,108.53	6,907.12	7,951.32	4,341.24			
		Health Insurance	13,692.84	21,342.12	20,849.28	17,999.52			
		Life Insurance	146.60	299.50	308.49	317.74			
		Dental Insurance	367.68	371.28	371.28	380.56			
		LTD	154.04	168.32	173.37	178.58			
		Sec 125	36.60	0.00	0.00	0.00			
		WC	385.51	174.38	154.24	169.95			
		Patrol Officer	SHF	<b>Total Wage &amp; Fringe benefits</b>	<b>80,423.52</b>	<b>91,342.13</b>	<b>92,644.40</b>	<b>84,568.11</b>	<b>5.15%</b>
Salary/Wages	49,998.00			54,523.87	54,523.87	54,582.37			
FICA	3,824.85			4,171.08	4,171.08	4,175.55			
WRS	7,849.69			8,996.44	9,323.58	9,442.75			
Health Insurance	17,960.36			21,732.12	22,959.08	14,282.40			
Life Insurance	42.00			58.89	58.89	58.95			
Dental Insurance	0.00			0.00	0.00	0.00			
LTD	144.99			158.12	158.12	158.29			
Sec 125	36.60			0.00	0.00	0.00			
WC	567.04			1,701.63	1,449.79	1,867.81			
Corrections Officer	JAIL			<b>Total Wage &amp; Fringe benefits</b>	<b>65,409.66</b>	<b>78,335.22</b>	<b>77,906.84</b>	<b>72,753.23</b>	<b>11.23%</b>
		Salary/Wages	42,715.99	46,664.83	46,664.83	46,664.83			
		FICA	3,267.77	3,569.86	3,569.86	3,569.86			
		WRS	4,527.90	5,133.13	5,413.12	2,753.23			
		Health Insurance	14,227.44	21,342.12	20,849.28	17,999.52			
		Life Insurance	25.63	33.60	33.60	33.60			
		Dental Insurance	0.00	0.00	0.00	0.00			
		LTD	123.88	135.33	135.33	135.33			
		Sec 125	36.60	0.00	0.00	0.00			
		WC	484.45	1,456.36	1,240.82	1,596.87			
		Management	SHF	<b>Total Wage &amp; Fringe benefits</b>	<b>74,521.71</b>	<b>89,604.28</b>	<b>93,464.65</b>	<b>87,215.74</b>	<b>17.03%</b>
Salary/Wages	50,445.57			56,634.05	59,986.46	59,986.46			
FICA	3,859.09			4,332.50	4,588.96	4,588.96			
WRS	5,347.23			6,229.75	6,958.43	3,539.20			
Health Insurance	13,692.84			21,342.12	20,849.28	17,999.52			
Life Insurance	260.30			360.19	381.51	381.51			
Dental Insurance	367.68			371.28	371.28	380.56			
LTD	146.29			164.24	173.96	173.96			
Sec 125	36.60			0.00	0.00	0.00			
WC	366.11			170.15	154.77	165.56			
Supervisor	HWY			<b>Total Wage &amp; Fringe benefits</b>	<b>87,056.52</b>	<b>103,519.53</b>	<b>106,486.50</b>	<b>101,822.55</b>	<b>16.96%</b>
		Salary/Wages	57,290.66	64,424.08	66,339.33	68,312.04			
		FICA	4,382.74	4,928.44	5,074.96	5,225.87			
		WRS	6,072.81	7,086.65	7,695.36	4,030.41			
		Health Insurance	13,692.84	21,342.12	20,849.28	17,999.52			
		Life Insurance	41.25	54.12	55.73	57.38			
		Dental Insurance	367.68	371.28	371.28	380.56			
		LTD	166.14	186.83	192.38	198.10			
		Sec 125	36.60	0.00	0.00	0.00			
		WC	5,005.79	5,126.01	5,908.18	5,618.66			
		Crew / Operator	HWY	<b>Total Wage &amp; Fringe benefits</b>	<b>73,264.54</b>	<b>77,245.69</b>	<b>79,655.03</b>	<b>76,430.67</b>	<b>4.32%</b>
Salary/Wages	43,666.27			43,992.00	45,718.40	47,798.40			
FICA	3,340.47			3,365.39	3,497.46	3,656.58			
WRS	4,628.62			4,839.12	5,303.33	2,820.11			
Health Insurance	17,603.43			21,342.12	20,849.28	17,999.52			
Life Insurance	47.16			79.19	82.29	86.04			
Dental Insurance	0.00			0.00	0.00	0.00			
LTD	126.63			127.58	132.58	138.62			
Sec 125	36.60			0.00	0.00	0.00			
WC	3,815.36			3,500.30	4,071.68	3,931.42			