



# Ottawa County Community Mental Health Authority Report

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January 2016



## **2016 County Board of Commissioners**

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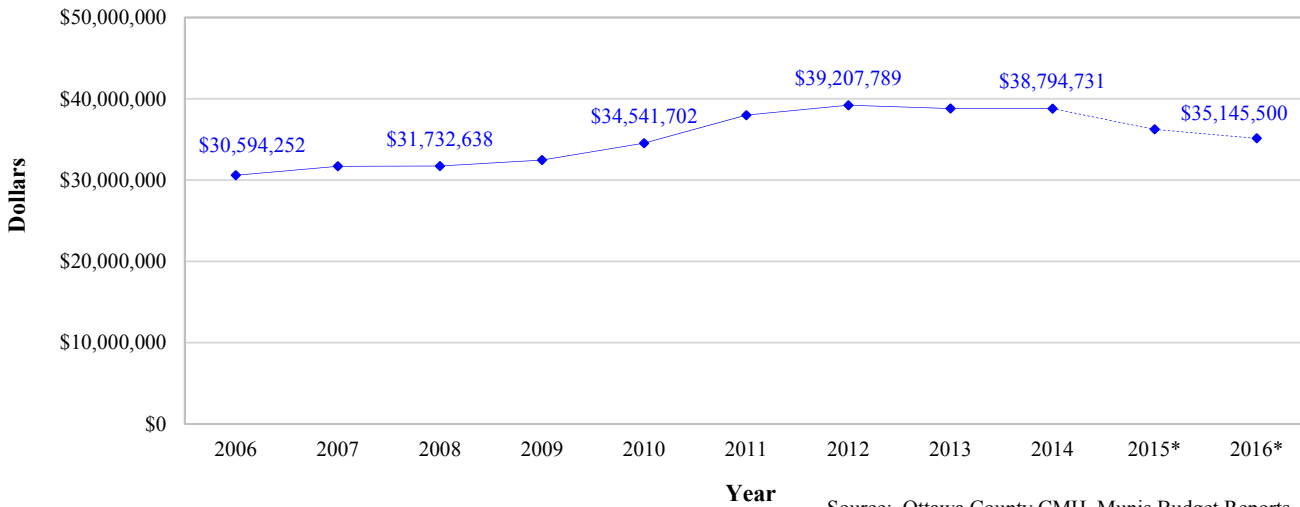
# I. Introduction

The Planning and Performance Improvement Department developed this Report, at the request of County Administration and Community Mental Health (CMH), to provide information about the advantages and disadvantages of CMH becoming its own independent Authority.

In 2015, the Agency’s revenues declined by approximately 6.6% from the previous budget year. Another decline of 3.0% is expected in 2016 (**Chart 1**). As a result of the revenue reductions, the number of full-time equivalent (FTE) staff positions in Ottawa County’s CMH Agency declined by 10% between 2014 and 2015 (**Chart 2**). CMH anticipates the loss of an additional 60 to 70 FTEs by the end of 2016, which represents a 37% reduction in a single year.

These revenue reductions and FTE losses have increased the CMH Board’s desire to complete this Report in order to determine whether an Authority status would result in cost savings.

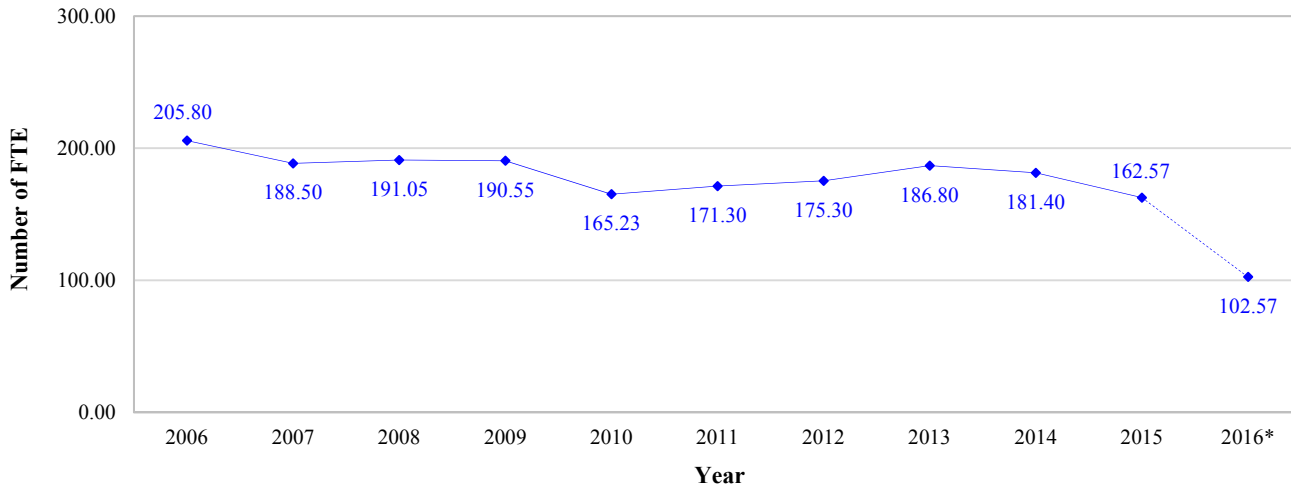
**Chart 1**  
**Ottawa County CMH Revenue (2006-2016)**



Source: Ottawa County CMH, Munis Budget Reports

\* 2015 and 2016 data reflect budget projections rather than actual expenditures

**Chart 2**  
**Number of Ottawa County CMH FTE (2006-2016)**



Source: Ottawa County Budget Documents, Ottawa County CMH

\* 2016 data are projected by CMH

## II. Background

In this section, the following topics are reviewed: Governance Structure of CMH Agencies and CMH Authorities, Required Process to Establish a CMH Authority, and CMH Programs in other Michigan Counties.

### A. Governance Structure of CMH Agencies and CMH Authorities

The Mental Health Code (Act 258 of 1974) defines the level of responsibility and involvement that Counties may have in a CMH Agency and CMH Authority. The levels of involvement are provided in **Table 1**.

**Table 1**

#### **County Involvement CMH Agency and County CMH Authority**

	County CMH Agency	CMH Authority
<b>Procedures and Policies</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>CMH Budget, Annual Plan, Requests for Funds</b>	Approved by County Board of Commissioners	Copy sent to County Board of Commissioners
<b>Liability</b>	County	CMH Authority
<b>CMH Staff</b>	County Employees	CMH Authority Employees
<b>Purchase or Lease Property and Equipment</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Transfer, Divide, or Distribute Assets/Liabilities</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Enter into Contracts and Agreements</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Accept Gifts/Grants and Determine Their Use</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Incur Debts, Liabilities or Obligations</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Commence and Defend in Litigation</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Manage Finances and Investments</b>	Approved by County Board of Commissioners	Approved by CMH Board
<b>Fix and Collect Charges, Fees, and Rents</b>	Approved by County Board of Commissioners	Approved by CMH Board

Source: Michigan Mental Health Code

### B. Required Process to Establish a CMH Authority

The Mental Health Code requires a County Board of Commissioners to establish a CMH Authority by adopting an Enabling Resolution. A minimum of three public hearings must be held prior to approving the Resolution. The Resolution is effective after it has been filed with the Clerk of the County and Secretary of State. The specific information that must be included in the enabling resolution are provided in **Appendix A**.

**C. Overview of CMH Programs in Michigan**

The three models that can be used to organize a Community Mental Health Service Program are a County CMH Agency, a CMH Authority, or a CMH Organization<sup>1</sup>. There are 46 CMH Programs in Michigan (**Appendix B**). Of the 46 CMH Programs, 2 are CMH Organizations, 4 are County CMH Agencies, and 40 are CMH Authorities. Ottawa County CMH is a County CMH Agency.

<sup>1</sup> CMH Organizations are created under the Urban Cooperation Act of 1967.

### III. Impacts of CMH Becoming an Authority

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This section of the Report examines the advantages, disadvantages, and cost savings that would result from CMH becoming an Authority. These factors are listed below:

#### A. Advantages

##### 1. Increased Administrative and Financial Autonomy

Among other things, an Agency must obtain approval from their County Board of Commissioners to enter into contracts, accept grants, commence litigation, make financial and procurement decisions, purchase property, collect fees, approve programs and regional partnerships, and approve staffing and salary rates. An Authority status would allow the CMH Board to make these decisions independently. This could streamline the operational decision making process.

#### B. Disadvantages

##### 1. Diminished Level of Administrative Services

As a County Agency, Ottawa County CMH currently receives high quality services from staff in Administration, Human Resources, Corporate Counsel, Fiscal Services, Treasurers Office, Facilities, and IT. If CMH becomes an Authority, these services would need to be acquired by hiring staff or service providers outside of the County. This model may make it difficult to obtain the diversity of services and level of experience that is presently provided through the County. Also, the amount of services provided by the County would likely be limited in scope and quantity if services were procured through contractual service providers. The model would also necessitate that CMH staff expend considerable time administering and overseeing the additional staff and/or contracts. As an example, CMH would no longer benefit from the following services that it receives as a County Agency:

- The extensive knowledge and experience of the Human Resources team in contract negotiations, recruitment, interviewing, hiring, discipline, grievances, retirements, discharges, and layoffs. This could negatively impact employee relations and/or budgetary items.
- The unlimited access to legal services through the County's Corporate Counsel. Some of the activities include reviewing contracts, processing FOIA Requests, writing resolutions, and representing CMH in hearings after consumer benefits have been denied.
- The services provided by the County's Fiscal Services team that include, but are not limited to, the following: processing employee reimbursement requests; maintaining vendor files; procuring services and equipment; managing contracts; overseeing employment, post-employment, and retirement benefits; calculating the annual personnel budget; performing federal grant audits; maintaining records for all fixed assets; reconciling financial statements; calculating depreciation on assets; maintaining financial software system; and managing risk management.

##### 2. Diminished Level of Legislative Advocacy

The County's involvement in legislative advocacy on behalf of CMH would be diminished since it would no longer be an Agency of the County.

##### 3. Increased Exposure to Liability

Ottawa County is currently the liable party for financial matters and negligence. If CMH became an Authority, it would become the liable party for both of these areas.

4. Elimination of Support to Deal with Cash Flow Changes

Due to budget cuts, cash reserves have been expended, and Ottawa County has been more frequently advancing funds to maintain CMH operations until revenue is obtained from the State and Federal governments. This service to balance cash flow would no longer be available if CMH were an Authority.

5. Reduced Training Opportunities for Employees

Employees would no longer be able to access the County's extensive training and professional development classes and seminars.

6. Perceived Loss of Accountability by Consumers

CMH is required by the State to have several avenues by which consumers and their families may appeal decisions (e.g. Recipient Rights, Medicaid Recipient Fair Hearing Process, Non-Medicaid Recipient Fair Hearing Process, Request for Appeal of Fee Policy, and the Local Appeal Process). As a County Agency, consumers of Ottawa County CMH, and their families, may appeal decisions to the County Board of Commissioners. Although few concerns are formally brought to the Board of Commissioners, consumers would lose this avenue of appeal under an Authority.

**C. Cost Savings**

Cost is likely the single most important factor impacting the decision of whether it would be worthwhile for CMH to become an Authority. This is especially important since CMH has faced several funding cuts in recent years and will likely face additional cuts in the future.

The cost areas reviewed in this Report include the following: Indirect Cost Allocations for Administrative Services, Direct Charges for County Services, Information Technology (IT), and Michigan Employee Retirement System (MERS) Pension Plan Liability.

The cost items included in each cost area were calculated with the assistance of a variety of sources. Fiscal Services, Human Resources, and CMH provided actual cost data for Indirect and Direct cost items. Cost data for health care benefits was provided from Arthur J. Gallagher Company & Co. (Insurance Broker). Other cost data was estimated and based on discussions with Department directors, real estate professionals, and CMH. Cost areas are listed below along with factors that would need to be considered if an Authority status was pursued since they could result in a cost increase or decrease. A summary of cost increases/savings for each cost area is provided in **Table 2** on page 10.

1. Indirect Cost Allocations for Administrative Services

Ottawa County CMH is currently charged an Indirect Cost Allocation by the County to cover the cost of providing various administrative services (e.g. human resources, fiscal services, corporation counsel, etc.) to CMH. This Indirect Cost Allocation is determined by a third party company, MGT of America. The total amount charged by the County for Indirect Cost in FY 2015/16 is \$1,015,186. This represents approximately 3.0 percent (2006-2014 average) of CMH's total annual budget of \$34,301,517.

**a. Human Resources**

The Human Resources Department estimates CMH would need to hire one HR Generalist and a part-time payroll employee. The combined salaries for these positions could range from a low of \$86,371 to a high of \$111,771. Therefore, an average cost salary would be approximately \$99,071 per year.

Current Cost: \$69,047

Potential Authority Cost: \$99,071

Cost Increase/Savings: \$30,024 Increase

**b. Corporate Counsel**

CMH presently has unlimited access to legal services through corporate counsel. It would be anticipated that the cost to contract with an attorney would be greater than the County charge for these services. Corporate Counsel estimates that CMH would pay approximately \$100,000 as a private client.

Current Cost: \$46,195

Potential Authority Cost: \$100,000

Cost Increase/Savings: \$53,805 Increase

**c. Fiscal Services**

CMH is currently charged an Indirect Cost Allocation of \$239,703 for fiscal services. If CMH became an Authority, the Fiscal Services Department estimates CMH would need to hire one Accountant and a part-time Buyer. The combined salaries for these positions could range from a low of \$60,083 to a high of \$77,757. Therefore, an average salary would be approximately \$68,920 per year.

CMH would also likely need to hire a Chief Financial Officer (CFO) or upgrade one of their existing fiscal services employees to a CFO. Salary data for Network 180's (i.e. Kent County CMH) CFO position was obtained as part of an Ottawa County Wage Study. Using this salary data and the current salary of Ottawa County CMH's highest seniority fiscal services employee, Ottawa County CMH would pay between \$21,260 and \$57,414 more per year if the position were upgraded. Therefore, an average cost increase of \$39,337 was used to calculate the cost of upgrading an existing fiscal services position to a CFO.

Ottawa County CMH would no longer be eligible to participate in the County's Insurance Pool if it became an Authority. This may lead to an increase in CMH's insurance risk since it is no longer pooled. Although this increase was not estimated for this Report, an increase in insurance premiums should be anticipated.

Current Cost: \$239,703

Potential Authority Cost: \$108,257

Cost Increase/Savings: \$131,446 Savings

**d. Treasurer**

As CMH is currently a County Agency, the Treasurers' Office pools CMH's available cash balances with the County's investments, thus achieving higher interest rates. With CMH as an Authority, the Treasurers' Office could still invest CMH funds, but CMH would not be eligible for the pooling of their investments and the resulting higher interest rates that accompany a pooled investment. Based on current interest rates, fund balances, and cash flow, CMH would lose approximately \$9,005 per year (average of last six years) in interest income from their investments (**Appendix C**).

Additionally, CMH would pay more for interest on equipment purchases since the County currently finances those expenses at low or no interest. Based on current interest rates, CMH would pay approximately \$7,021 more per year (average of last six years) in interest on their equipment purchases if they were an Authority (**Appendix C**).

Presently, CMH is not charged for interest when the County advances funds to cover CMH fund balance shortfalls. If these shortfalls were financed through financial lending institutions there would be a cost increase of \$22,709 per year (average of last two years)<sup>1</sup>.

If CMH became an Authority, the Treasurer could still invest CMH funds (not in pooled investments) and there would be no administrative charge for that service.

Current Cost: \$16,920

Potential Authority Cost: \$38,735

Cost Increase/Savings: \$21,815 Increase

**e. County Administrator**

Ottawa County CMH would no longer be charged for the Indirect Cost associated with the County Administrator's Office if it became an Authority. These services could likely be provided by the existing CMH Director and their administrative staff.

Current Cost: \$122,811

Potential Authority Cost: \$0

Cost Increase/Savings: \$122,811 Savings

**f. Facilities**

Ottawa County CMH would no longer be charged for the Indirect Cost associated with Facilities if it became an Authority. The "direct" facilities charges are discussed in the next section of this report.

Current Cost: \$41,986

Potential Authority Cost: \$0

Cost Increase/Savings: \$41,986 Savings

The overall potential savings in Indirect Costs that could be realized by CMH could potentially be \$197,419.

<sup>1</sup> This figure was calculated using an online mortgage calculator and the CMH month end fund balances for Fiscal Years 2014 and 2015 when they had a negative fund balance.

## 2. Direct Charges for County Services

CMH is also charged for Direct Services which include facility staff and fringe benefit packages.

### a. **Human Resources**

Arthur J. Gallagher & Co. provided an estimate of the cost that would be incurred by an Authority to provide the same Health, Dental, Vision, Long Term Disability, and Life Insurance that is currently offered by the County. The cost for an Authority to provide these benefits would be \$608,297 higher. This cost reflects a 40% increase in the Health benefit and a 4% increase in the Dental benefit. There is no change in cost for Vision, Long Term Disability, and Life Insurance (**Appendix D**). It is important to note that the benefits of CMH employees cannot be diminished during the first year of creating an Authority (Mental Health Code, Act 258 of 1974).

The cost to provide worker's compensation would also be a cost factor, but a specific cost savings/increase was not calculated.

Current Cost: \$1,614,790 (health and dental)

Potential Authority Cost: \$2,223,087 (health and dental)

Cost Increase/Savings: \$608,297 Increase

### b. **Facilities**

The total average cost to CMH to lease buildings from the County is on average \$7.26 per square foot. If a lease continued with a CMH Authority, the lease rate would likely be similar to what is currently paid. Facilities may also continue to maintain the buildings and grounds (e.g. plowing, mowing, A/C, parking lots, grounds) as a part of the lease agreement. However, CMH would no longer receive assistance with assembling, maintaining, and moving furniture.

If CMH became an Authority and had to obtain other office building accommodations at market rate, it would likely cost approximately \$8-10 per square foot for the building and an additional \$2-3 per square foot for maintenance (based on a review of office lease advertisement and conversations with commercial realtors). This is a total of \$10-\$13 per square foot. If this cost is averaged at \$11.50 per square foot, it would cost CMH approximately \$718,520 per year.

Current Cost: \$453,664

Potential Authority Cost: \$718,520

Cost Increase/Savings: \$264,856 Increase

The overall increase that could potentially occur in CMH's Direct Cost Charges could potentially be \$873,153.

## 3. Information Technology (IT)

The County charges CMH for Indirect IT cost items through a separate Cost Allocation formula. CMH is also charged for certain Direct cost items. The Indirect and Direct cost items include, but are not limited to: IT network equipment, computers, phones, software, internet, equipment/software maintenance, and other equipment and support services. The IT Cost Allocations are based on a percentage of CMH staff (FTEs) and IT equipment relative to the rest of the County.

If CMH remains a County Agency, the total projected 2016 cost of IT (Indirect and Direct cost items) is \$536,491. However, since CMH is reducing its staffing levels and equipment, their IT Cost Allocations may decrease in the future if other County Departments do not experience similar staffing reductions...which is not anticipated.

CMH Administrative staff prepared a cost-analysis of five different IT options that are available under Authority status (**Appendix E**). Based on this preliminary analysis, it is projected that it would cost CMH between \$301,111 and \$505,057 per year for IT services (five year annual average) as an Authority. The average of these cost ranges is \$403,084 per year.

These cost-analysis data have not been verified by the Planning and Performance and Improvement Department (PPID). It is also important to note that a cursory review of CMH's cost-analysis by the County IT Department identified several cost items that were not included in the analysis such as wireless access points, network switches, controllers, and firewalls. Cost estimates for these missing items were provided by the IT Department and added to the analysis by the PPID. The PPID also identified other IT cost items that were not included in CMH's analysis such as a schedule for network printer replacements, on-going printer maintenance, printer toner purchases, and network connections to supporting agencies. CMH will need to include these items in their final analysis along with insurance (property, casualty, liability, etc.) to ensure their estimated IT cost savings are accurate.

Current Cost: \$536,491  
Potential Authority Cost: \$403,084  
Cost Increase/Savings: \$133,407 Savings

The overall potential savings in IT cost, according to the CMH analysis, could be \$133,407.

#### 4. Michigan Employee Retirement System (MERS) Liability

The liability that a CMH Authority would assume for the MERS employee pension plan is also a cost factor that needs to be considered.

According to the 2014 MERS Actuarial Report, CMH retirees and former CMH employees do not have any unfunded liability associated with their retirement plan obligations. However, active employees do have unfunded liability. Therefore, an Authority would incur the liability for their employee's portion (\$3,043,830)<sup>1</sup> of the existing unfunded MERS pension liability (**Appendix F1**). CMH would also be responsible for their portion (\$3,884,401)<sup>1</sup> of the MERS Pension Bond that was issued in 2014 by the County to switch from a defined benefit plan to a defined contribution plan (**Appendix F2**). It should also be noted that the volatility of financial markets and any increase in future liability as a result of reductions in pension assets is currently mitigated by the County but would be the responsibility of CMH if it becomes an Authority.

Current Liability: \$0  
Potential Liability: \$6.9 million  
Increase/Savings: \$6.9 million Increase

The overall increase that could potentially occur in CMH's MERS Liability could potentially be \$6.9 million.

<sup>1</sup> These figures were calculated as of December 2014.

In summary, the potential overall increase that could occur in CMH's Indirect and Direct cost is \$542,327 (**Table 2**). Additionally, an increase in MERS liability of \$6.9 million would also be incurred (**Table 3**).

**Table 2**

	<b>Current Cost</b> (October 1, 2015 - September 30, 2016)	<b>Cost</b> <b>Increase/Savings</b> <b>to CMH Under</b> <b>an Authority</b>
<b>Indirect Cost Allocations<sup>1</sup></b>		
Human Resources	\$69,047	\$30,024
Corporate Counsel	\$46,195	\$53,805
Fiscal Services	\$307,382	-\$131,446
Treasurer	\$16,920	\$21,815
County Administrator	\$122,811	-\$122,811
Facilities (buildings, depreciation)	\$41,986	-\$41,986
Carry Forward Adjustment <sup>2</sup>	\$6,820	-\$6,820
<b>Total Indirect Cost Allocations</b>	<b>\$611,161</b>	<b>-\$197,419</b>
<b>Direct Charges<sup>3</sup></b>		
Human Resources (health and dental)	\$1,614,790	\$608,297
Facilities	\$453,664	\$264,856 <sup>4</sup>
<b>Total Direct Charges</b>	<b>\$2,068,454</b>	<b>\$873,153</b>
<b>Information Technology</b>		
<b>Total Information Technology</b>	<b>\$536,491</b>	<b>-\$133,407</b>
<b>Total</b>	<b>\$3,216,106</b>	<b>\$542,327</b>

Source: Ottawa County Fiscal Services, Ottawa County CMH, Ottawa County Human Resources, Arthur J. Gallagher & Co, Ottawa County IT Department

1. The Indirect Cost Allocations in this table reflect 3-months from the 2015 Cost Allocations and 9-months from the 2016 Cost Allocations.
2. The Carry Forward Adjustment is calculated by MGT of America, the consultants responsible for preparing the County's Cost Allocation Plan. The Carry Forward Adjustment is calculated as the difference between the Current Year and Prior Year Cost Allocations.
3. Prior to January 1, 2016, the cost for some Human Resources and Fiscal Services staff were directly allocated to CMH. Although these costs were directly allocated to CMH from October 1, 2015-December 31, 2015, they are omitted from this table because they do not reflect the cost Allocations to CMH going forward.
4. This is based on an average cost of \$11.50 per square foot.

**Table 3**

	<b>Current</b> <b>Liability</b>	<b>Liability</b> <b>Increase/Savings</b> <b>to CMH Under</b> <b>an Authority</b>
<b>MERS Liability</b>		
Unfunded Liability	\$3,043,830	\$3,043,830
Pension Bonds	\$3,884,401	\$3,884,401
<b>Total MERS Liability</b>	<b>\$6,928,231</b>	<b>\$6,928,231</b>

Source: Ottawa County Fiscal Services

## **IV. Impact to County if CMH Became an Authority**

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If CMH were to become an Authority, the change would also potentially impact County operations. These possible impacts are listed below:

1. County Could Continue to be Perceived as being Responsible for CMH Operations  
If Ottawa County CMH is established as an Authority, the County may still be perceived by the public and CMH consumers as the entity that is administratively and financially responsible for CMH. Although this doesn't technically induce any need to act by the County, it could result in negative political implications if there are consumer complaints or financial difficulties that negatively impact service delivery.
2. Request for Funding from the County Could Continue  
In 2012, Hillsdale and Jackson Counties were asked to provide additional funding to Lifeways CMH Authority due to budget shortfalls. Additionally, in 2015 the CMH Authority Board in St. Joseph County solicited \$200,000 from County Commissioners because of budget shortfalls. Finally, the Washtenaw Community Health Organization is being changed from an Organization back to a County Agency due to financial problems. If there are financial problems in the future, it is likely the County would still be approached to cover budgetary shortfalls even though all authority is vested outside of the County.
3. County Financial Contribution to CMH Would Remain the Same  
Under an Authority status, the County's contribution to CMH would remain "fixed" at \$476,500, which is the current level that it annually appropriates in general fund contribution to CMH.
4. Staffing, Software, System Infrastructure and Reallocation of Remaining Indirect Cost Allocation  
If CMH were to become an Authority, they would no longer pay the County for various Indirect administrative services. As a result, the County would need to adjust staffing, software, and system infrastructure in those Departments presently providing services to CMH. It would also need to reallocate the remaining portion of the CMH Indirect cost (\$1,015,186) to other County Departments.
5. Staff Resources utilized for Transition  
The County IT Department also anticipates that up to 440 hours of IT staff time will be required to help CMH transition its IT network from a County-managed system to an independent Authority IT system. Although CMH will not be charged for IT staff support, it is worth mentioning that other County Departments may experience an impact in IT support during the transition period.

## V. Conclusions

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Across Michigan, 4 of the 46 CMH Services Programs operate as County Agencies, 2 operate as Organizations, and 40 operate as official Authorities. If CMH were to join those that are an Authority, there are some potential benefits for CMH. However, there are also potential disadvantages that may outweigh those benefits.

The benefits of CMH becoming an Authority include greater autonomy in administrative and financial decisions. These include entering into contracts, accepting grants, making procurement decisions, and other financial and administrative aspects that could allow CMH to become somewhat more stream-lined.

However, included with that increased autonomy are a number of potential disadvantages to consider. As an Authority, CMH would experience a diminished level of administrative services (e.g. human resources, fiscal services, etc.) compared to the services they currently receive with the County in a number of areas. There would also be a potential perceived loss of accountability by consumers. Additionally, CMH would become the liable party for financial matters and negligence.

The annual cost of operating under Authority status may also be greater for CMH. Even though Indirect Charges and IT Charges may be reduced for CMH, the overall cost would likely increase:

Indirect Charges:	\$197,419 Savings
Direct Charges:	\$873,153 Increase
<u>IT Charges</u>	<u>\$133,407 Savings</u>
<b>Total Cost Increase/Savings:</b>	<b>\$542,327 Increase</b>

It is also important to note the \$6.9 million pension liability that would be assumed by CMH for employees in the Michigan Employee Retirement System (MERS).

Also to be considered is the impact to the County if CMH were to become an Authority. The County could continue to be perceived as being accountable for CMH by clients and the public despite CMH's autonomous legal status. The County would also need to adjust staffing, software, and system infrastructure in those Departments presently providing services to CMH and reallocate the remaining Indirect Cost Allocation to other Departments. Additionally, the County may continue to have funding requests from CMH despite the administrative and operational authority being vested outside of the County. If a severe financial situation arises with the Authority, like has happened in some other Michigan counties, the Board of Commissioners would likely be placed in the position of having to reassume responsibility for the financial dilemma to ensure CMH consumers received services.

In summary, there are several potential benefits of CMH becoming an Authority; however, the potential disadvantages largely outnumber the benefits. With the potential increase in cost, significant increase in liability, and the potential decrease in service levels from human resources, fiscal services, and other administrative departments, the decision will be one that has important implications for CMH in the future.

The intent of this Report is to provide useful information and data from which to draw conclusions about the most efficient and effective organizational structure for CMH. While the CMH Board may provide input and their views about their preferences for an organizational structure, the Mental Health Code authorizes the Ottawa County Board of Commissioners to make that policy decision.

## Appendix A

### Information that must be included in a CMH Authority Resolution

The enabling resolution must state all of the following information:

- The purpose and the power to be exercised by the community mental health authority shall be to comply with and carry out the provisions of the Mental Health Code
- The duration of the existence of the community mental health authority and the method by which the community mental health authority may be dissolved or terminated by itself or by the county board or boards of commissioners. These provisions shall comply with section 220 of the Mental Health Code
- The manner in which any net financial assets originally made available to the authority by the participating county will be returned or distributed if the authority is dissolved or terminated. All other remaining assets, net of liabilities, shall be transferred to the community mental health services program or programs that replace the authority
- The liability of the community mental health authority for costs associated with real or personal property purchased or leased by the county for use by the community mental health services program to the extent necessary to discharge the financial liability if desired by the county
- The manner of employing, compensating, transferring, or discharging necessary personnel subject to the provisions of applicable civil service and merit systems, and the following restrictions:
  - Employees of a community mental health authority are public employees. A community mental health authority and its employees are subject to 1947 PA 336, MCL 423.201 to 423.217
  - Upon the creation of a community mental health authority, the employees of the former community mental health services program shall be transferred to the new authority and appointed as employees subject to all rights and benefits for 1 year. Such employees of the new community mental health authority shall not be placed in a worse position by reason of the transfer for a period of 1 year with respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefit that the employee enjoyed as an employee of the former community mental health services program. Employees who are transferred shall not by reason of the transfer have their accrued pension benefits or credits diminished
  - If the former county community mental health agency was the designated employer or participated in the development of a collective bargaining agreement, the newly established community mental health authority shall assume and be bound by the existing collective bargaining agreement. The formation of a community mental health authority shall not adversely affect any existing rights and obligations contained in the existing collective bargaining agreement. For purposes of this provision, participation in the development of a collective bargaining agreement means that a representative of the community mental health agency or organization actively participated in bargaining sessions with the employer representative and union or was consulted with during the bargaining process
- Any other matter consistent with this act that is necessary to assure operation of the community mental health authority as agreed upon by the creating county

## Appendix B

### CMH Service Programs in Michigan

CMH Service Programs	Counties Served	Year Created
<b>County CMH Agencies</b>		
CMH of Ottawa County	Ottawa	n/a
HealthWest	Muskegon	n/a
Lapeer County CMH Services	Lapeer	n/a
Macomb County CMH Services	Macomb	n/a
<b>CMH Authorities</b>		
Allegan County CMH Services	Allegan	2013
AuSable Valley CMH Authority	Iosco, Ogemaw, Oscoda	n/a
Barry County CMH Authority	Barry	n/a
Bay-Arenac Behavioral Health Authority	Arenac, Bay	2001
Berrien Mental Health Authority	Berrien	n/a
Cass County CMH Authority	Cass	n/a
CMH Authority of Clinton-Eaton-Ingham Counties	Clinton, Eaton, Ingham	2002
CMH for Central Michigan	Clare, Gladwin, Isabella, Mecosta, Midland, Osceola	n/a
Community Mental Health and Substance Abuse Services of St. Joseph County	St. Joseph	n/a
Copper Country CMH Services	Baraga, Houghton, Keweenaw, Ontonagon	n/a
Detroit Wayne Mental Health Authority	Wayne	2013
Genesee Health System	Genesee	2013
Gogebic CMH Authority	Gogebic	n/a
Gratiot County CMH Services	Gratiot	n/a
Hiawatha Behavioral Health	Chippewa, Mackinac, Schoolcraft	1997
Huron Behavioral Health	Huron	1996
Ionia County CMH	Ionia	n/a
Kalamazoo CMH and Substance Abuse Services	Kalamazoo	1997
Lenawee CMH Authority	Lenawee	n/a
Lifeways CMH	Hillsdale, Jackson	1996
Livingston County CMH Authority	Livingston	n/a
Monroe CMH Authority	Monroe	n/a
Montcalm Center for Behavioral Health	Montcalm	n/a
Network180	Kent	2003
Newaygo County Mental Health Center	Newaygo	n/a
North Country CMH	Antrim, Charlevoix, Cheboygan, Emmet, Kalkaska, Otsego	2003
Northeast Michigan CMH Authority	Alcona, Alpena, Montmorency, Presque Isle	n/a
Northern Lakes CMH Authority	Crawford, Grand Traverse, Leelanau, Missaukee, Roscommon, Wexford	1997
Northpointe Behavioral Healthcare Systems	Dickinson, Iron, Menominee	n/a
Oakland County CMH Authority	Oakland	1999
Pathways Community Mental Health	Alger, Delta, Luce, Marquette	n/a
Pines Behavioral Health Services	Branch	2001
St. Clair County CMH Services	St. Clair	n/a
Saginaw County CMH Authority	Saginaw	1997
Sanilac County CMH	Sanilac	n/a
Shiawassee County CMH Authority	Shiawassee	n/a
Summit Pointe	Calhoun	n/a
Tuscola Behavioral Health Systems	Tuscola	n/a
Van Buren CMH Authority	Van Buren	n/a
West Michigan CMH System	Lake, Mason, Oceana	1997
<b>CMH Organizations</b>		
Centra Wellness Network	Benzie, Manistee	n/a
Washtenaw Community Health Organization *	Washtenaw	2000

Source: Michigan Association of Community Mental Health Boards; Various CMH websites

\* The CMH Service Program in Washtenaw County is transitioning back to a County CMH Agency

## Appendix C

### Difference in Interest Earned and Interest Paid by CMH If CMH Becomes an Authority

Fiscal Year	Average Yearly Balance (CMH Fund)	Interest Earned			Book Value of Loans (Annual Balance Due) <sup>1</sup>	Interest Paid			Net Change in Interest Earned/Paid if Authority
		Actual Interest Earned (County Investment Pool)	Interest Earned if Authority (County CD)	Difference in Interest Earned if Authority		Interest Paid on Loans (County Interest Rate)	Interest Paid on Loans (3.0% Bank Interest Rate) <sup>2</sup>	Difference in Interest Paid if Authority	
2010	\$2,673,017.31	\$35,952.08	\$17,647.26	(\$18,304.82)	\$147,438.29	\$1,983.04	\$4,423.15	\$2,440.11	\$20,744.93
2011	\$4,341,143.14	\$36,083.58	\$21,167.41	(\$14,916.17)	\$247,819.14	\$2,059.87	\$7,434.57	\$5,374.70	\$20,290.87
2012	\$4,441,434.06	\$47,477.58	\$18,680.67	(\$28,796.91)	\$266,654.91	\$2,970.54	\$7,999.65	\$5,029.11	\$33,826.02
2013	\$2,489,846.58	\$632.42	\$8,622.34	\$7,989.92	\$183,326.38	\$59.28	\$5,499.79	\$5,440.51	(\$2,549.41)
2014	(\$128,809.45)	\$0.00	\$0.00	\$0.00	\$445,946.75	\$0.00 <sup>3</sup>	\$13,378.40	\$13,378.40	\$13,378.40
2015	(\$93,416.51)	\$0.00	\$0.00	\$0.00	\$348,842.95	\$0.00 <sup>3</sup>	\$10,465.29	\$10,465.29	\$10,465.29
<b>Annual Average</b>		<b>\$20,024.28</b>	<b>\$11,019.61</b>	<b>– \$9,004.66</b>		<b>\$1,178.79</b>	<b>\$8,200.14</b>	<b>+ \$7,021.35</b>	<b>+ \$16,026.02</b>

Source: Ottawa County Treasurer's Office

<sup>1</sup> CMH is charged interest on the balance of the equipment loan that is owed to the County each year. Most equipment loans are repaid over the course of 5 years.

<sup>2</sup> Calculated by the Planning and Performance Improvement Department using a 3% bank interest rate.

<sup>3</sup> CMH is not charged interest on their loans if their fund balance is negative. If they had been charged interest on their loans in 2014 and 2015, they would have paid \$3,633.13 in 2014 and \$4,950.78 in 2015.

## Appendix D

### Difference in Fringe Benefit Cost if CMH Became an Authority

	<b>Current Cost</b> (October 1, 2015 - September 30, 2016)	<b>Cost</b> <b>Increase/Savings</b> <b>to CMH Under</b> <b>an Authority</b>
<b>Fringe Benefits</b>		
Health	\$1,495,038	\$603,393
Dental	\$119,752	\$4,904
Vision	n/a <sup>1</sup>	\$0
Long Term Disability	n/a <sup>1</sup>	\$0
Life Insurance	n/a <sup>1</sup>	\$0
<b>Total Fringe Benefits</b>	<b>\$1,614,790</b>	<b>\$608,297</b>

Source: Ottawa County Human Resources, Arthur J. Gallagher & Co.

1. The current cost for these fringe benefits is not included in this table because the cost is not projected to change if CMH becomes an Authority.

**Appendix E**  
IT Service Options for CMH Authority

Technology Solution/Hardware	County CMH Agency (No Change Scenario)	Authority Status - Option 1 (On-Premise Network)	Authority Status - Option 2 (Cloud Hosted Network)	Authority Status - Option 3 (Muskegon Network Service)	Authority Status - Option 4 (N180 Network Service)	Authority Status - Option 5 (GoWyant Vendor)
<b>Avatar (Electronic Records Management)</b>						
<b>Operational (Annual)</b>						
Avatar Hosted solution	\$0.00	\$76,800.00	\$76,800.00	\$76,800.00	\$76,800.00	\$76,800.00
Cache license included in hosting	\$0.00	(\$25,601.57)	(\$25,601.57)	(\$25,601.57)	(\$25,601.57)	(\$25,601.57)
Less staff time to patch/upgrade/maintain	\$0.00	(\$3,000.00)	(\$3,000.00)	(\$3,000.00)	(\$3,000.00)	(\$3,000.00)
<b>Capital Equipment/Software (Recurring)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
One time server hosting cost	\$0.00	\$31,400.00	\$31,400.00	\$31,400.00	\$31,400.00	\$31,400.00
<b>Network/Telecomm</b>						
<b>Operational (Annual)</b>						
Network VDI	\$135,207.00	\$104,000.00	\$104,000.00	\$0.00	\$0.00	\$156,600.00
ISP Provider Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ISP (Merit Internet)	\$0.00	\$11,220	\$11,220	\$11,220	\$11,220	\$11,220
Cloud Phone System	\$0.00	\$38,400.00	\$38,400.00	\$0.00	\$0.00	\$38,400.00
IT staff support person (part time contract)	\$0.00	\$40,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Back-up software	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Equipment Warranty	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cloud Hosted Network	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Capital Equipment/Software (Recurring)</b>						
Phones	\$0.00	\$38,500.00	\$38,500.00	\$52,050.00	\$0.00	\$38,500.00
WIFI UTM model redundant device	\$0.00	\$8,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Domain Name cost	\$0.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
additional switches/routers/cables	\$0.00	\$8,750.00	\$0.00	\$0.00	\$0.00	\$0.00
2 Servers	\$0.00	\$32,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Racks and PDUs	\$0.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
UPS	\$0.00	\$3,950.00	\$0.00	\$0.00	\$0.00	\$0.00
Web Filter	\$0.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Microsoft OS/SQL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
Set up and configuration costs	\$0.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Equipment</b>						
<b>Operational (Annual)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PRINTER TONER <sup>1</sup>						
PRINTER MAINTENANCE <sup>1</sup>						
<b>Capital Equipment/Software (Recurring)</b>						
MS Surface Pro 3 (or other computer options)	\$0.00	\$13,000.00	\$13,000.00	\$13,000.00	\$13,000.00	\$13,000.00
Chromebook	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NETWORK PRINTERS <sup>1</sup>						
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Appendix E**  
IT Service Options for CMH Authority

Technology Solution/Hardware	County CMH Agency (No Change Scenario)	Authority Status - Option 1 (On-Premise Network)	Authority Status - Option 2 (Cloud Hosted Network)	Authority Status - Option 3 (Muskegon Network Service)	Authority Status - Option 4 (N180 Network Service)	Authority Status - Option 5 (GoWyant Vendor)
<b>Other Hosting options</b>						
<b>Operational (Annual)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Capital Equipment/Software (Recurring)</b>						
Muskegon to price out adding us to their Network w/ Phones	\$0.00	\$0.00	\$0.00	\$44,549.00	\$0.00	\$0.00
Muskegon Support costs	\$0.00	\$0.00	\$0.00	\$36,000.00	\$0.00	\$0.00
N180 - carve section for authentication on their network AD	\$0.00	\$0.00	\$0.00	\$0.00	\$73,020.00	\$0.00
N180 support for network	\$0.00	\$0.00	\$0.00	\$0.00	\$48,760.00	\$0.00
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Other CMH software</b>						
<b>Operational (Annual)</b>						
Apps and Data charge	\$276,767.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Onbase Imaging	\$1,104.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Microsoft Office 365	\$0.00	\$24,000.00	\$24,000.00	\$0.00	\$24,000.00	\$0.00
iForm	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00
sFTP	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Car management	\$0.00	\$249.00	\$249.00	\$249.00	\$249.00	\$249.00
Adobe	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CMH Help Desk Ticket system	\$0.00	\$480.00	\$480.00	\$480.00	\$480.00	\$480.00
Crystal Reports	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HR and Payroll system	\$0.00	\$15,360.00	\$15,360.00	\$15,360.00	\$15,360.00	\$15,360.00
<b>END POINT PROTECTION<sup>1</sup></b>	<b>\$0.00</b>	<b>\$1,810.00</b>	<b>\$1,810.00</b>	<b>\$1,810.00</b>	<b>\$0.00</b>	<b>\$1,810.00</b>
<b>Capital Equipment/Software (Recurring)</b>						
Financial Ledger system	\$0.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
conversion to Office 365	\$0.00	\$5,000.00	\$5,000.00	\$0.00	\$5,000.00	\$0.00
HR/Payroll system initial config	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
<b>Other CMH Software Maintenance (CMH Direct Costs)</b>						
<b>Operational (Annual)</b>						
Avatar MSO, CWS, PM maintenance quarterly	\$36,596.16	\$36,596.16	\$36,596.16	\$36,596.16	\$36,596.16	\$36,596.16
ProviderConnect	\$36,631.00	\$36,630.00	\$36,630.00	\$36,630.00	\$36,630.00	\$36,631.00
POS scanning	\$8,968.00	\$8,968.00	\$8,968.00	\$8,968.00	\$8,968.00	\$8,968.00
Care Connect -	\$5,570.00	\$5,570.00	\$5,570.00	\$5,570.00	\$5,570.00	\$5,570.00
PBS Mental Health Benchmarking	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
OrderConnect (formerly Infoscriber)	\$7,592.00	\$7,592.00	\$7,592.00	\$7,592.00	\$7,592.00	\$7,592.00
ConsumerConnect/MyHealthPoint	\$7,900.00	\$7,900.00	\$7,900.00	\$7,900.00	\$7,900.00	\$7,900.00
MyLearningPoint	\$26,470.00	\$26,470.00	\$26,470.00	\$26,470.00	\$26,470.00	\$26,470.00
<b>Capital Equipment/Software (Recurring)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
n/a	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Appendix E**  
IT Service Options for CMH Authority

Technology Solution/Hardware	County CMH Agency (No Change Scenario)	Authority Status - Option 1 (On-Premise Network)	Authority Status - Option 2 (Cloud Hosted Network)	Authority Status - Option 3 (Muskegon Network Service)	Authority Status - Option 4 (N180 Network Service)	Authority Status - Option 5 (GoWyant Vendor)
<b>Other Costs</b>						
<b>Operational (Annual)</b>						
User Services	\$125,392.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IT Insurance/Insurance in General						
Website Hosting	\$0.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Power (Utility)						
2016 COUNTY COST ALLOCATION ADJUSTMENT <sup>2</sup>	(\$134,806.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CISCO EQUIPMENT MAINTENANCE <sup>1</sup>	\$0.00	\$2,688.00	\$0.00	\$0.00	\$0.00	\$2,688.00
<b>Capital Equipment/Software (Recurring)</b>						
CONTROLLERS <sup>1</sup>	\$0.00	\$7,869.00	\$0.00	\$0.00	\$0.00	\$0.00
FIREWALL <sup>1</sup>	\$0.00	\$3,600.00	\$3,600.00	\$0.00	\$0.00	\$3,600.00
SWITCHES <sup>1</sup>	\$0.00	\$5,496.00	\$0.00	\$0.00	\$0.00	\$5,496.00
SITE INTERCONNECTIONS <sup>1</sup>	\$0.00	\$10,748.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Initial IT Configuration &amp; Set-up (One Time)</b>						
WIRELESS ACCESS POINTS (FULTON ST AND JAMES ST) <sup>3</sup>	\$0.00	\$9,472.80	\$9,472.80	\$9,472.80	\$9,472.80	\$9,472.80
Website Development	\$0.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Staffing supports (for initial configuration)	\$0.00	\$0.00	\$0.00	\$0.00	\$8,600.00	\$0.00
<b>Total Operational (Annual)</b>	<b>\$536,491.16</b>	<b>\$419,291.59</b>	<b>\$376,603.59</b>	<b>\$210,203.59</b>	<b>\$232,393.59</b>	<b>\$407,892.59</b>
<b>Total Capital Equipment/Software (Recurring)</b>	<b>\$0.00</b>	<b>\$192,013.00</b>	<b>\$105,200.00</b>	<b>\$195,699.00</b>	<b>\$184,880.00</b>	<b>\$110,696.00</b>
<i>Total Recurring Capital Equip/Soft (Amortized)</i>	<i>\$0.00</i>	<i>\$66,275.93</i>	<i>\$38,120.00</i>	<i>\$61,019.80</i>	<i>\$54,056.00</i>	<i>\$39,219.20</i>
<b>Total Initial IT Configuration &amp; Set-up (One Time)</b>	<b>\$0.00</b>	<b>\$57,872.80</b>	<b>\$52,872.80</b>	<b>\$47,872.80</b>	<b>\$61,472.80</b>	<b>\$47,872.80</b>

1. This line item was added to the analysis by the PPID based on discussions with County IT.

2. This line item was added to the analysis by the PPID to reflect the actual Proposed 2016 IT Cost Allocation for CMH

3. This line item was added to the analysis by the PPID based on discussions with County IT. This cost reflects the depreciated cost of WAPs which the CMH Authority would need to purchase from the County. Within 5 years, the WAPs would need to be replaced by CMH at a current total cost of \$15,788

**Appendix E**  
IT Service Options for CMH Authority

Technology Solution/Hardware	County CMH Agency (No Change Scenario)	Authority Status - Option 1 (On-Premise Network)	Authority Status - Option 2 (Cloud Hosted Network)	Authority Status - Option 3 (Muskegon Network Service)	Authority Status - Option 4 (N180 Network Service)	Authority Status - Option 5 (GoWyant Vendor)
<b>Annual Cost (Projected)<sup>4</sup></b>						
Year 1 (annual operating, amortized capital, and one-time cost)	\$536,491.16	\$516,970.32	\$467,596.39	\$319,096.19	\$347,922.39	\$494,984.59
Year 2 (annual operating, amortized capital)	\$552,585.89	\$472,870.45	\$427,165.30	\$279,360.09	\$295,043.08	\$460,525.14
Year 3 (annual operating, amortized capital)	\$569,163.47	\$487,056.56	\$439,980.26	\$287,740.89	\$303,894.37	\$474,340.90
Year 4 (annual operating, amortized capital)	\$597,621.65	\$511,409.39	\$461,979.27	\$302,127.94	\$319,089.09	\$498,057.94
Year 5 (annual operating, amortized capital)	\$627,502.73	\$536,979.86	\$485,078.23	\$317,234.34	\$335,043.54	\$522,960.84
<b>Average Annual 5-Year Cost</b>	<b>\$576,672.98</b>	<b>\$505,057.32</b>	<b>\$456,359.89</b>	<b>\$301,111.89</b>	<b>\$320,198.49</b>	<b>\$490,173.88</b>

4. Includes a 3% increase in Years 2-3 and 5% increase in Years 4-5.

<b>Cost Savings if Authority Status (Projected)</b>						
Year 1		(\$19,520.84)	(\$68,894.77)	(\$217,394.97)	(\$188,568.77)	(\$41,506.57)
Year 2		(\$79,715.45)	(\$125,420.60)	(\$273,225.80)	(\$257,542.82)	(\$92,060.75)
Year 3		(\$82,106.91)	(\$129,183.22)	(\$281,422.58)	(\$265,269.10)	(\$94,822.57)
Year 4		(\$86,212.25)	(\$135,642.38)	(\$295,493.71)	(\$278,532.56)	(\$99,563.70)
Year 5		(\$90,522.87)	(\$142,424.49)	(\$310,268.39)	(\$292,459.18)	(\$104,541.89)
<b>Average Annual 5-Year Cost-Savings</b>		<b>(\$71,615.66)</b>	<b>(\$120,313.09)</b>	<b>(\$275,561.09)</b>	<b>(\$256,474.49)</b>	<b>(\$86,499.10)</b>

## Actuarial Accrued Liabilities and Valuation Assets As of December 31, 2014

Table 6

Division	Actuarial Accrued Liability	Valuation Assets <sup>1</sup>	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
<b>01 - General</b>				
Active Employees	\$ 8,485,857	\$ 6,218,197	73.3%	\$ 2,267,660
Vested Former Employees	1,951,307	1,951,307	100.0%	0
Retirees And Beneficiaries	13,054,896	13,054,896	100.0%	0
Pending Refunds	<u>162,736</u>	<u>162,736</u>	100.0%	<u>0</u>
Total	\$ <b>23,654,796</b>	\$ <b>21,387,136</b>	<b>90.4%</b>	\$ <b>2,267,660</b>
<b>02 - Sheriff/Command</b>				
Active Employees	\$ 6,792,628	\$ 4,756,603	70.0%	\$ 2,036,025
Vested Former Employees	297,949	297,949	100.0%	0
Retirees And Beneficiaries	12,306,143	12,306,143	100.0%	0
Pending Refunds	<u>0</u>	<u>0</u>	0.0%	<u>0</u>
Total	\$ <b>19,396,720</b>	\$ <b>17,360,695</b>	<b>89.5%</b>	\$ <b>2,036,025</b>
<b>06 - Mental Health Group T.</b>				
Active Employees	\$ 10,639,562	\$ 9,167,341	86.2%	\$ 1,472,221
Vested Former Employees	1,775,451	1,775,451	100.0%	0
Retirees And Beneficiaries	4,872,427	4,872,427	100.0%	0
Pending Refunds	<u>107,905</u>	<u>107,905</u>	100.0%	<u>0</u>
Total	\$ <b>17,395,345</b>	\$ <b>15,923,124</b>	<b>91.5%</b>	\$ <b>1,472,221</b>
<b>10 - Elctd/Uncssfd</b>				
Active Employees	\$ 38,321,935	\$ 28,657,966	74.8%	\$ 9,663,969
Vested Former Employees	3,576,513	3,576,513	100.0%	0
Retirees And Beneficiaries	44,854,086	44,854,086	100.0%	0
Pending Refunds	<u>199,507</u>	<u>199,507</u>	100.0%	<u>0</u>
Total	\$ <b>86,952,041</b>	\$ <b>77,288,072</b>	<b>88.9%</b>	\$ <b>9,663,969</b>
<b>11 - Mich Nurses Asso</b>				
Active Employees	\$ 2,329,096	\$ 1,642,743	70.5%	\$ 686,353
Vested Former Employees	691,086	691,086	100.0%	0
Retirees And Beneficiaries	3,431,397	3,431,397	100.0%	0
Pending Refunds	<u>42,046</u>	<u>42,046</u>	100.0%	<u>0</u>
Total	\$ <b>6,493,625</b>	\$ <b>5,807,272</b>	<b>89.4%</b>	\$ <b>686,353</b>
<b>12 - Brd of Commsnrs</b>				
Active Employees	\$ 104,996	\$ 50,912	48.5%	\$ 54,084
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	314,309	314,309	100.0%	0
Pending Refunds	<u>0</u>	<u>0</u>	0.0%	<u>0</u>
Total	\$ <b>419,305</b>	\$ <b>365,221</b>	<b>87.1%</b>	\$ <b>54,084</b>

Table 6 (continued)

Division	Actuarial Accrued Liability	Valuation Assets <sup>1</sup>	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
<b>22 - Non 312 Command</b>				
Active Employees	\$ 771,335	\$ 703,232	91.2%	\$ 68,103
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	0	0	0.0%	0
Pending Refunds	0	0	0.0%	0
<b>Total</b>	<b>\$ 771,335</b>	<b>\$ 703,232</b>	<b>91.2%</b>	<b>\$ 68,103</b>
<b>23 - Captains &amp; Undersheriff</b>				
Active Employees	\$ 2,712,549	\$ 2,118,176	78.1%	\$ 594,373
Vested Former Employees	0	0	0.0%	0
Retirees And Beneficiaries	744,455	744,455	100.0%	0
Pending Refunds	0	0	0.0%	0
<b>Total</b>	<b>\$ 3,457,004</b>	<b>\$ 2,862,631</b>	<b>82.8%</b>	<b>\$ 594,373</b>
<b>60 - Mental Health Unclass</b>				
Active Employees	\$ 6,502,533	\$ 4,930,924	75.8%	\$ 1,571,609
Vested Former Employees	693,134	693,134	100.0%	0
Retirees And Beneficiaries	7,551,331	7,551,331	100.0%	0
Pending Refunds	<u>114,938</u>	<u>114,938</u>	100.0%	0
<b>Total</b>	<b>\$ 14,861,936</b>	<b>\$ 13,290,327</b>	<b>89.4%</b>	<b>\$ 1,571,609</b>
<b>Total Municipality</b>				
Active Employees	\$ 118,331,547	\$ 94,408,261	79.8%	\$ 23,923,286
Vested Former Employees	11,764,673	11,764,673	100.0%	0
Retirees and Beneficiaries	108,204,653	108,204,653	100.0%	0
Pending Refunds	<u>751,257</u>	<u>751,257</u>	100.0%	0
<b>Total Participants</b>	<b>\$ 239,052,130</b>	<b>\$ 215,128,844</b>	<b>90.0%</b>	<b>\$ 23,923,286</b>

<sup>1</sup> Includes both employer and employee assets.

Please see the Comments on the Investment Markets.

See the MERS Fiscal Responsibility Policy on the MERS website at:

[http://www.mersofmich.com/Portals/0/Assets/PageResources/MERS/PlanDocument/Pension/sec\\_43c.pdf](http://www.mersofmich.com/Portals/0/Assets/PageResources/MERS/PlanDocument/Pension/sec_43c.pdf).

**Shannon Virtue**

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**From:** Karen Karasinski  
**Sent:** Friday, October 16, 2015 4:55 PM  
**To:** Mark Knudsen; Shannon Virtue  
**Subject:** CMH Share of Pension Bonds

Hi Mark, Shannon,

When the proceeds from pension bonds were sent to MERS CMH was allocated the following:

Mental Health, Group T - \$1,878,695  
Mental Health Unclassified - \$ 2,005,706

Karen Karasinski  
Fiscal Service Director  
County of Ottawa

616-738-4849  
[kkarasinski@miottawa.org](mailto:kkarasinski@miottawa.org)

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