



County of Marquette

Courthouse Complex
234 W. Baraga Avenue
Marquette, Michigan 49855
Fax: (906) 225-8155
www.co.marquette.mi.us

County Administrator
225-8151
Finance & Accounting
225-8175
Human Resources & Risk
225-8162
Information Systems
225-8170

MEMORANDUM

TO: County Board of Commissioners

FROM: Scott H. Erbisch, County Administrator

SUBJECT: Strategic Plan Status Update – Major Goal Area Three “Revenue Generation & Stability”

DATE: 4/11/2018

GOAL AREA THREE REVENUE GENERATION AND STABILTY

Airport **Key Objectives for Airport**

1. Military Contracts
 - The U.S. Army, as Y-Tec Services, Inc. contract with Marquette County has worked with Augusta Westland and Korean Aerospace, Inc. Contracts since 2014.
 - Known as “an airport to do business with” within the military arena.
 - Airport staff has kept an open dialog with National Guard representatives for possible relocation to Sawyer. To date, the National Guard has not received funding for such a consolidation.
2. Work Toward Lease Revenue to Break Even
 - Cargo rates and fees implemented 2013 - revenue since 2012 is \$421,000
 - New car rental - Enterprise
 - Transferred lease to National Carbon
 - Transferred lease from Frontier Medical to Longyear, LLC
 - Leased building and hangar space to Hooper Construction (limited term lease)
 - Leased hangar space to Army (Y-Tec Services, Inc.) via Augusta Westland (seasonal)
 - Challenges for additional lease(s); limited suitable buildings and sites to accomplish this objective. Need blight elimination and favorable lease terms for companies to build on land they cannot own.
3. New Business / K.I. Sawyer Facilities
 - National Carbon
 - Frontier Medical / Longyear
 - Enterprise Car Rental
4. Medical Supply / Medical Device Development
 - County Board supported the transfer of the lease from Frontier Medical to Longyear, Inc.

5. Customs Presence at Airport
 - Ongoing effort with our Federal Congressman and Senators
 - Researched the option of using National Guard Members to fill this role as needed, but the effort is not supported locally due to the National Guards primary mission. This task would not be part of that mission.
6. Increase in Suppliers to Medical Profession
 - County staff continuously seeks new tenants via trade shows and other marketing methods.

BUDGET

Key Objectives for Budget

1. Fiscal Responsibility
 - County Board continues to pass a balanced budget without the use of reserves.
 - Changed health insurance carrier to the Western Michigan Health Insurance Pool (WMHIP).
 - County Board of Commissioners Adopted PA 152 Hard Caps for County funded Health Care.
 - Made change with the 65 & over retiree health insurance for annual savings.
 - Extended the MERS amortization to allow for a cushion with the annual payment.
 - In 2017 an additional \$800,000 was added to the OPEB Reserve bringing the total to \$3.5 million.
 - Require co-payments towards retiree health insurance effective 1/1/2017
2. Balanced Budget without using reserves
 - County Board continues to pass a balanced budget without the use of reserves

STATE

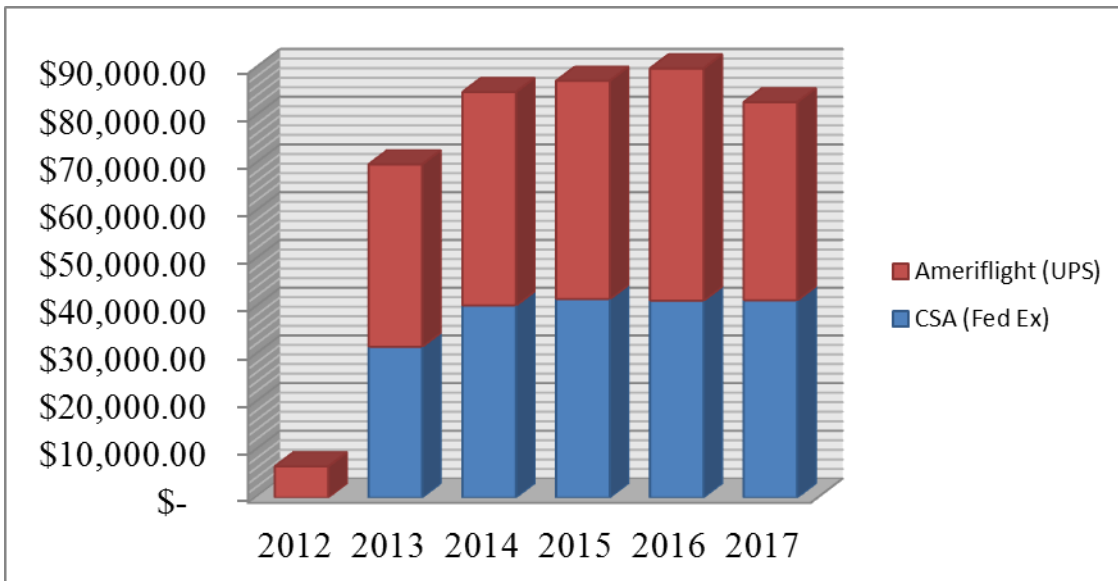
Key Objectives for State

1. Uncap property from Headly Amendment
 - Discussed with State Representative(s) and Michigan Association of County Representative.
 - Discussed with Deputy State Treasurer, Eric Scorsone.
2. Passage of Unfunded Mandate Legislation
 - Ongoing effort by County Board of Commissioners. Senator Casperson developed legislation to begin addressing the issue, but the legislation has not been presented.
 - Staff spoke at a State Committee hearing on the impacts of unfunded mandates.
3. Increase Revenue Sharing
 - Ongoing. The Michigan Association of Counties continues to work towards stabilizing the method in which counties receive Revenue Sharing.

ONE-YEAR TASKS (2015-2016)

- **PASS AND CIRCULATE RESOLUTION REGARDING CHANGE TO UNCAP PROPERTY VALUE FORMULA**
 - This task has not been completed.
- **CONTINUE STRONG SUPPORT / RESOLUTION TO REDUCE UNFUNDED MANDATES**
 - Ongoing as noted above.

- **FULL COURT PRESS TO INCREASE REVENUES – CUSTOMS, MILITARY CONTRACTS, MORE FLIGHTS, DRONES? NATIONAL GUARD?**
 - Staff has continues to press Congressional and Senate representatives for support in providing a Customs presence.
 - In 2012 Sawyer International Airport was supported by Governor Snyder and the Federal Government to become a User Fee Airport. The initial and annual costs to be a User Fee Airport are still outside of the ability of the County to fund.
 - Staff has had seasonal contracts with the Army for winter testing since 2014. Although, the contract is seasonal, it does bring significant funding to local hotels, car rentals, and restaurants.
 - Staff has had numerous interactions with National Guard representatives to locate some or all of a new regional training facility to Sawyer. To date, the National Guard has not been able to secure the funding to move this concept forward.
 - Continuing to look at reducing energy cost(s) via LED lighting.
 - Investigating the use of imposing a Customer Facility Charge (CFC) on rental car companies for funds to be used for airport infrastructure that benefits car rental companies.
 - Airport Advisory is reviewing and updating airport landing fees for County Board review.
 - Air Carrier Operations:
 - a. Air Carrier flights continued improvements
 - i. March 2017 SkyWest dba Delta Connection added Minneapolis for an additional Hub airport.
 - ii. March 2018 SkyWest provides three round trip flights, 2 – Detroit, and 1- Minneapolis
 - iii. Envoy dba American continues to provide a larger two class aircraft to Chicago daily.
 - iv. Starting in June Envoy is scheduled add and addition daily round trip flight to Chicago.
 - b. Revised air carrier contract with additional security charges increased revenue by \$19,173 in CY2017.
 - c. Added SkyWest flight contributed to an increase of 12,656 passengers to bring total passengers to 101,782 from 89,126, an increase of 13%.
 - d. Increased revenue from air carrier operations
 - i. CY 2016 - \$244,552.38
 - ii. CY 2017 - \$354,206. 24 Revenue up 44%
 - iii. CY 2018 – showing a 2% increase from previous CY
- Air Cargo signatory agreements started in 2013 to generate additional airport revenue.
- e. Cargo Rates and Fees Implemented 2013 - revenue over past 6 years \$421,603.80.



- **BALANCED BUDGET WITH PROVISIONS FOR TAX TRIBUNAL CHANGES**
 - Ongoing. The County continues to approve a balanced budget that reflects changes in tax revenue(s).

- **REQUEST DEPARTMENTS TO ACTIVELY SEARCH FOR NEW AND INCREASED REVENUES**
 - Ongoing internal process.
 - Each vacant position is reviewed to determine whether or not it is to be filled.
 - When openings occur, staff reviews whether there is a potential for job sharing.
 - As noted in a previous update, the Sheriff’s Department has reached out to the Townships to consider contracting with the Sheriff’s Office.
 - Equalization has contracts with several townships and two (2) cities for Assessing services.
 - Continually review the potential of operational efficiencies when staff changes occur.
 - The Airport staff continually seeks new tenants and works on operational efficiencies.
 - Air Cargo Signatory Agreements established in 2013.
 - New airport revenue and tenants as noted previously in this update.