

COUNTY BOARD OF COMMISSIONERS BUDGET STUDY SESSION

Friday, July 10, 2020
3:00 p.m.

Manistee County Courthouse & Government Center
Board of Commissioners Meeting Room

MINUTES

Members Present: Margaret Batzer, Mark Bergstrom, Jeff Dontz, Karen Goodman, Pauline Jaquish and Gene Lagerquist and Richard Schmidt

Members Absent: none

Others Present: Lisa Sagala, Interim County Administrator/Controller; Sheriff Ken Falk; Undersheriff Brian Gutowski; Rachel Nelson, County Treasurer; Susan Zielinski, Finance Officer and Jill M Nowak, County Clerk

The Study Session was called to Order by Chairman Dontz at 3:00 p.m.

Pledge of Allegiance

Invocation was given by Mr. Bergstrom

Roll Call

The County Board and its Committees are operating remotely and electronically by Zoom under Executive Order #2020-129 issued by Governor Gretchen Whitmer due to the COVID-19 pandemic.

PUBLIC COMMENT

No Public Comment online or in person.

DISCUSSION AND REVIEW OF A FY 2020/21 DRAFT BUDGET

Discussion and review of a FY 2020/21 draft budget as prepared by County Administration.

The County Board had received the 2020/21 County Budget Outline dated Friday, July 10, 2020 which included a Property Tax Revenue Estimate (Appendix A); a Budget Report for Pension Expense (Retirement) (Appendix B); a report of Agency Appropriations with a detailed index and follow-up (Appendix C); requested transfers to other funds (Appendix D); A Planning Department staffing, space and budget memo (Appendix E); 2021 IT Requests (Appendix F); Building and Grounds Capital Improvement and Equipment Requests for 2020/21 (Appendix G); County Contingency Worksheet for 2020 (Appendix H); and Budget Report for County Reductions (Appendix I). Also, Budget Reports for the General Fund dated July 9, 2020 were distributed prior to the meeting (108 legal sized pages).

Ms. Sagala, Interim County Administrator/Controller, reviewed and explained each page of the 2020/21 County Budget Outline. Ms. Sagala also reported that she had met with Tom Kaminski who has been temporarily contracted for guidance and they both reviewed the revenue and expenses and were unable to find any further revenue. It is thought that about \$100,000 can be shaved off of the Capital Improvements expenditures which will be covered later in the meeting. Also, some expenses that have occurred this year won't be reimbursed until the next fiscal year as they may be grant funded so some expenses may be higher at this time.

If the General Fund Budget were adopted as is, it would be \$453,111 higher than the current FY 2019/20 budget and would require a budgeted use of fund balance totaling \$714,385, as compared to \$142,399 budgeted use of fund balance in FY 2019/20.

It was reported that final numbers for the 2018/19 budget year had a \$185,000 (corrected to \$186,628 after meeting) budget surplus and no money had to be used from the Budget Stabilization Fund (\$142,399 was budgeted to be used) (corrected to \$137,664 after meeting)

It was noted that the Millage Rate for 2021 is estimated at 5.5000 mills, the same amount since 2012. The taxable value for 2020 has an estimated increase of 2.25%. The total estimated 2021 Tax Revenue is \$6,606,819.

There are not any real increases in notable revenue items. The notable decreases in revenue include court costs, interest and PILT. State Revenue Sharing is not decreased and if it does, the County would be made whole in other ways, possibly grants. Notable Expense Items include wages at 0% except for those employees that are to receive step increases or under contract. The GEA/POAM contract is under negotiations and the POLC Union Contract is still under the four (4) year contract. Health Insurance premiums increased by 2.76% but the Direct Feed HRA costs decreased and therefore the costs have slightly decreased the overall costs for health insurance. Ms. Sagala has a meeting with 44 North on July 24th and hopes to get some questions answered and clarification concerning the rates vs utilization. The MERS retirement contribution has increased dramatically. From \$852,490 in 2019/20 to \$1,259,510 in 2020/21. Work to separate the GEA/POAM retirement groups into two (2) divisions (Courthouse and Library) continues as pension reporting has to be broken down. The County currently has approximately \$1 million in the General Fund in the MERS Plan. The division would allow for money to be paid on one division or the other. The \$1.2 million that was paid on the MERS account a few years ago went to the entire group. The division of groups could also lower costs as premiums are based on actuarials and assumptions which MERS seems to change each year. The understanding is that the division can only be done when the contract bargaining is open, which it is this year. Also noted is that the County makes a 2% contribution toward POLC Union members who have the Hybrid Retirement Plan.

In regards to the Appropriation Requests from other Agencies (Appendix C), Ms. Sagala noted that the Mental Health request decreased but the Sheriff contract increased, the Substance Abuse request increased by \$5,000 which is based on the Convention Tax and the Fair Board request of \$8,000 was decreased by \$4,000.

Appendix D indicates transfers to other funds that have been budgeted. Recycling was increased by \$4,000, the Child Care Fund (CCF) request increased over \$25,000 from last year's budgeted amount. The Capital Improvement Fund request of \$196,500 as noted earlier, about \$99,000 can be shaved from that transfer. However, there is the Health Department building sewer project that we don't have a price on yet, but that has to be done. Mr. Schimke stated that the engineering costs can be paid for from the Capital Improvement Fund as there was money left over from another project. The Building Authority Fund and the Jail Loan Fund are loans that the County is paying back to themselves from prior projects.

Under Personnel related items, A) the 2% wage increase requested for the County Clerk's Office were removed from the budget as all wages are currently set at 0% wage increase. B) wage increases for the Finance Officer and the Assistant Administrator/HR Manager to bring them up to the correct step in the Nottley Study. When the positions were taken out of contracts and put back into the step system, wages were lower and never dealt with. C) In FY 2018/19 budget year there was a need for an additional Corrections Officer. This was added into the budget requests for FY 2020/21 at a cost of \$58,006. D) The Planning Department requested a wage increase for the Planning Director and Planner1/Soil Erosion in the amount of \$18,077. Also, to eliminate the second Planner position and hire a Secretary/Receptionist and contract for Code Enforcement Specialist. This would be budget neutral. And add a GIS position in the amount of \$32,003. It was asked if any costs are being transferred to the Townships for these services. Planning Department revenue is up \$46,000 from last year which is due to contracts from local municipalities that are to be re-evaluated each year. The Board is hoping this impacts economic development.

IT requests were addressed under Appendix F. A technology meeting will be set to review and prioritize the requests. Some of the department requests are contracts and maintenance

agreements. Some department requests may be able to be covered through COVID-19 grants. An increase in support and services contracts (Gordon McLellan and Gracon etc.) was requested.

Appendix G addresses Building and Grounds Capital Improvement Requests for 2020/21. The 160 ft. of paving project at the Sheriff's Office is being paid for by a Revenue Sharing Grant (\$30,000). The replacement of two (2) HVAC split units can be eliminated. In the equipment requests (G-3), it was noted that some of the Circuit Court items, i.e. stackable chairs, can possibly come from COVID monies, the plotter and the permitting software in Planning can wait until 2021. The department contingency funds (Appendix H) can be used for some of the smaller needs. Are the Capital Improvements in the Capital Improvement Plan? Was the Capital Improvement Plan ever completed? Commissioner Batzer believed so and will check with Mr. Carson, County Planner.

Appendix I refers to recommended reductions of requested items, personnel and appropriations. Items also discussed were that the Sheriff request a vehicle from the Revenue Sharing Board. The previously Approved Wage Classification Study could be partially paid for from some County contingency fund money in this year's budget and some budgeted money next year. Health Insurance employee contribution could be raised from 9% to 11% which would save the County \$24,509, 20% employee contribution would save \$134,734. It was noted that the extra \$280,000 in Pension Expense Report (Appendix B) under Administration was placed in that line item number just to be able to account for that expense at this time. The MERS payment are mandated by the state and can not be reduced. All realize that MERS is a moving target that can be affected by employee turnover as employees do not stay employed at any one place for a long time anymore. Should the County be looking at other plans that would not cost the employee? What is the process to get out of MERS or close a plan and open a new plan, can that be done? Even though the County switched to a Hybrid Plan (defined benefit + defined contribution) years ago, the County still has to fund the defined benefit portion. Costs increase as groups get smaller and smaller (number of employees still in the defined benefit group). This all affects the rates.

Ms. Sagala stated now that she has reviewed the proposed first draft of the budget, she asked for direction on what Commissioners would like to see added or deleted from the presented material. Ms. Sagala and Susan Zielinski, Finance Officer, will go through the basic supplies, expenses and revenues with each department as needed. It was suggested that the Child Care Fund be funded at about \$100,000 as there is a substantial fund balance already in that fund; suggestions to take a look at health insurance employee contribution of possibly 11% or 12%, in conjunction with wages. A 1% wage increase costs \$31,700, 1.5% increase is \$47,600 and a 2% increase is \$63,550. It was recommended that the Regional Summit, a long-standing event in the County be cancelled this year due to COVID-19; departmental travel be limited/decreased and overtime be limited. The Strategic Plan has not been reviewed in over a year, is now expired and most likely the circumstances have changed due to the pandemic, but it should be revisited after the election cycle.

Ms. Sagala will meet with departments and bring back to the next Study Session new figures as advised by the Board, realizing that there still may be unknown numbers by the State and Feds.

The next Budget Study Session is scheduled for Friday, July 24, 2020 at 3:30 p.m. Ms. Sagala suggested to try and make this an in-person meeting maybe at the City Council Chambers where social distancing can be better accomplished. The new Executive Order requires that all persons wear a mask in public spaces.

MISCELLANEOUS BOARD MEMBER COMMENT

Further comments on the proposed budget concerning MSU Extension appropriation and the necessity; the Conservation District appropriation for the Hazardous Waste Collection, they now have their own millage.

The new reports included in the Budget Outline are easy to read and very helpful. Thank you.

Adjourn at the Call of the Chair at 4:54 p.m.

Clerk