"Menominee – Where the best of Michigan begins"

MENOMINEE COUNTY BOARD OF COMMISSIONERS

Menominee County Courthouse
839 10th Avenue
Menominee, Michigan 49858

Brian R. Bousley - County Administrator
Sherry DuPont - Administrative Assistant
Telephone: (906) 863-7779 or 863-9648
Fax: (906) 863-8839

MENOMINEE COUNTY FINANCE COMMITTEE

~A QUORUM OF THE BOARD MAYBE PRESENT~

DATE: Thursday ~ June 12, 2014
TIME: 9:30 AM
PLACE: Menominee County Courthouse~ Administrative Office

********AGENDA*******

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of Agenda
5. Approval of Previous Minutes
6. Public Comment (limited to 5 minutes on agenda items only)
7. Business
   a. Budget Amendments #4 ~ 2013/2014 Budget Year
   b. 2014/2015 Budget Discussion
8. Public Comment
9. Commissioner Comment
10. Adjournment

Bernie Lang *Charlie Meintz - Chairperson* *Larry Schei - Vice Chairperson* *James Furlong*
Doug Krienke *John Nelson* *Chris Plutchak* *Gerald Piche* *Jan Hafeman*

Menominee County Finance Committee
Minutes of Meeting
April 25, 2014

**********DRAFT**********

The Finance Committee met on April 25, 2014 at 9:30 AM at the Menominee County Courthouse, Administrative Office.

Present at the meeting were Coms. Lang, Nelson, Hafeman, and Schei, Brian Bousley, Sherry DuPont, & other members of the public.

Call Meeting to order: Chairperson Nelson called the meeting to order at 9:30 AM.

Pledge of Allegiance: The Pledge of Allegiance was recited by all

Roll Call: Roll call was taken; All Finance commissioners were present.

Agenda was approved by Com. Hafeman and supported by Com. Schei to approve the agenda as written. Motion approved 4/0.

Previous Meeting minutes: February 26, 2014– moved by Com. Lang and supported by Com. Schei to approve the minutes of the Feb. 26, 2014 Finance Committee meeting. Motion approved 4/0.

Public Comment: Kevin Keveney, Teamsters Union Business Agent – 35 hr. work week; we're continuously blamed because of your hiring freeze. We didn't have anything to do with your hiring freeze; that was a board action. You continuously say that Teamsters isn't doing anything to help the county. In the 2011 negotiations, it was members of the bargaining unit that went out and solicited other insurance. It saved the county about $900,000 over three years. They also invited the administrative staff to join into that savings to provide better insurance for everyone. Quite a significant savings. There was talk about significant increases in the insurance, in those three years it went up 8% in the second year and 12% in the third year. The new ins. with comparable coverage is going down 1.6% the first year, up 5% in the 2nd year and up 2% in the 3rd year. We have an employer/employee plan, Taft Hartley, non-profit, self-funded plan. We're insulated from all of the fees and taxes from the affordable healthcare law. A lot of employers are experiencing an additional 6% increase in their insurance cost, due to the taxes and fees. That's not going to happen with the teamster insurance. Your premiums are your premiums, those are the increases that you're going to experience. There will be a new tier offered which will be a savings to the member, and a savings to the county. It's a second tier and it's available for single parents, for a parent plus child or as many children as they have. It's two times the single rate, normally the mid-tier is 1.4% of the single rate and your family rate is 3 times your single rate. So it can be a significant savings. These savings were sought by members. During the last negotiations there was a proposal by the county board to change the retirement plan for new hires. Currently they are B3's and the county proposed to change any new hires to a B2. We accepted that proposal. Good faith bargaining. Over the course of the years, employees have given up wage increases due to the health care increases and pension increases. It's a complete package. So for the board to consider a 12.5% pay reduction for the current members is horrible. I've negotiated many contracts, there isn't an employer who has tried to force, coerce, or bully us back to the table to make changes in the retirement benefits, and that's exactly what this board is doing, they're using bullying tactics against their members. I've read in the papers, "your commitment is to the community", your members live in the community, they are part of the community, they're the service you offer to the community, they're the

frontline troops. You service the county of Menominee, and your employees are the ones who do it. So to consider a 12.5% pay reduction for people is just unheard of. That would wipe out all increases in the contract and if you consider cost of living, I don't know how many years that would take them back. Com. Nelson reminds Mr. Keveney of the public comment five minute limit. Coms. Schei and Lang ask Com. Nelson to let him finish. Keveney: Your proposal to cut hours, we will respond to that through any means necessary, contractual, grievance procedures, arbitration and board charges. We believe the actions of the board are an attempt to coerce us back to the table. We have a collective bargaining agreement in place till the end of Dec. this year. We are ready and willing beginning in September of this year to begin bargaining on the contract. Brian Neumeier, Menominee Township: 35 hr. work week. I may be the only person in this room who worked for the county when they were working 35 hrs/wk. and I was also working for the county when it went to 40 hrs/wk at the request of the County Board. I would caution you as you look at this option. I've heard comments "Escanaba works 35, or this county works 35" and that's fine to look at it as a general practice, but three people in an office working 35 hrs/wk with wages and benefits is significantly higher than two people working 40 hrs/wk with wages benefits. What I think you need to do is look at the man hours in the office per week, rather than just a blanket statement.

Business:

a. **2014/15 Budget Discussion:** Nelson: We had Ray LaMarche in, and he was explaining kind of the budget to us. In one breath we agree the county has a positive budget, with excess funds. However we also have not a whole lot of plans for building. Which could include this building and the sheriff bldg. which are in need of repairs. What do we do to fund 7.4 mil $ of unfunded retirement that we promised and we will give to our employees? I've said from the beginning, we need to focus on the employees we currently have, they do a great job. We know we won't have any budget increases this year. There was a minimal decrease in taxes. The Gov. will request we put 20-25% of revenue sharing into roads. Bousley: through the new revenue sharing hoops. He's proposing a portion goes to roads and a portion goes to unfunded liabilities. So he's adding more things to it. Not only do we have to jump through the hoops to get "our" revenue sharing, they are telling us how to spend it too. Nelson: This year, the first year under MERS, we just have to make the minimum payment which is about $135,000 more than last year. It's about a 20% increase in one year. That does not fully fund us. It doesn't affect the 7.4 mil we owe. That's the issues we need to look at moving forward. Schroud: We'll have a 1.01% increase in property taxes this year. Nelson: So we do have some issues. What do you see and what would you like Brian to gather for us as we move forward with the budget? After listening to Ray, at some time, we have to pay the bill. Schei: How much did we end up with out of the last budget that we were going to discuss next. Nelson: $600,000 fund balance. Schei: We'll collect 1.01 more in taxes but we'll have more in expenses? What kind of a dollar number can we set as a goal for MERS for this year?

b. **MERS Non-Lapsing fund:** Nelson: This addresses the $1.2 mil that hasn't been put into a fund yet. It's still sitting n the General fund so our balance shows that. We were supposed to move 1.2 mil. and a portion of the fund balance, $200,000. Bousley: What happens is that's a non-lapsing fund, so that will be moved at year end to carry over into the carryover fund, that's how we set it up. Nelson: so that $600,000 will actually be $400,000 plus we take a million from the fund we already have, and that would be satisfied to offset the 7.4 mil. we currently owe, which was up $400,000 from last year. So if you look at everything from last year, $200,000 applied, the $400,000 we went further back, we had a 1% increase in taxes, we're going to have different requirements for the revenue sharing. So the money we count on for revenue sharing, if we take 25% of that it's about $140,000 for roads. So we're not going to see an increase in that area. How do we take our current budget and set aside at least $500,000 towards MERS? If there is a change to defined

contributions, it'll step it up to paying off in about 13 years. Non-lapsing fund, we should have a minimum of $500,000. Bousley: If we move to defined contribution, they're going to accelerate the funding. Talking to everyone else, the first few years aren't bad, but the latter years may be a problem. We don't want to end up in a struggle making the payments. Schei: What does Brian recommend for the non-lapsing fund each year? Bousley: I'd have to look at everything first. If we have a target number we can adjust that as we go, if we have $500,000 put aside, then let's concentrate on that. But it may need to be adjusted further down. Schei: Do you think a target number of $500,000 is adequate this year? Bousley: We can shoot for it. Hafeman: we're putting aside 1.2 million, and we want to put another ½ mil aside, what kind of interest are we going to be able to draw on that? Will it be better than MERS? Nelson: This came from Furlong, the money we put into MERS was going nowhere. We actually went back $150,000 a year ago, we lost money. His idea was, we set aside the money until we have to pay into MERS by law. We may only draw 1 to 1.5% so right now we're not gaining…it's a conservative decision. At some point, we're going to be forced to pay it. This is all about protecting the current employees we have and their retirements. That's what we're trying to do. Lang: Where does the half mil. come from? Nelson: We only have so many areas where we can cut; Library, Parks, wages, salaries and benefits, administration. It comes from us making some decisions. If we don't have our fixed costs in order, then where do we take that from? Lang: And we're still considering $200,000 for the road program? Nelson: Well absolutely, that is something you give back to the taxpayers. Our roads are in horrible shape. We already have that commitment from the gov. we'll have to do it…Of course we will, we fund an Airport, we fund a library, we fund parks, we fund fishing museums we fund a lot of things. Lang: The airport is our responsibility, township roads are not. Nelson: Actually I think the County is our responsibility. The Gov. is making township roads our responsibility. Schei: Brian, when will we see a draft budget, so we have an idea what our costs are for the next budget? Bousley: You'll have it by June. Nelson: our biggest problem is, Oct. 1st is when our budget starts and we may not know until Jan. what our fixed costs will be. We need to have a plan in play. Nelson: Are there any building and ground issues we need to prepare for? Bousley: If you're looking at projects, a generator for the boiler room. GIS project, possibly 60 to $80,000. We're looking at the EVIP grant possibly for the GIS project. Within the courthouse too, a couple of fire suppression things need to be done. In the Jail, we need a fire door in there. Jim's getting some quotes. Nelson: How much money can we put back into the building fund? Bousley: We'll need to see where we're at first. Nelson: Will we have a list of costs of projects by June? Bousley: Yes.

c. **35 hour work week:** Nelson: We were going to get some information from other Counties in the UP. I think Marquette is the only one at 40 hrs/wk. Delta/Dickinson and the number of employees, both are bigger than us. Brian will meet with Nora and Nicole next week. You were going to get us some preliminary number 35 and 37.5 hr/wk. and the effects of that? Does it impact daily services? Is it doable? If we can't come up with a budget that supports all the stuff we have to pay for, then that's the consideration that was moved forward. Schei: Also, Mr. Bengry spoke of not getting the full benefit of the decrease in hours because the contribution of MERS will go down. I'd like to see the numbers. Nelson: The contributions will go down because the costs are based on wages paid out. It may reduce the cost you put in, but it may reduce the cost you fall behind in. Bousley: I heard what Mr. Bengry said but I didn't hear the whole conversation, what he was getting at. I would like to talk to him about it before I respond. Lang: you have to consider going to 35 hrs may increase the costs. Nelson: I looked at some other counties, Dickinson's assistant runs the airport. Spends 12% of her time at the airport. I don't have enough data. Lang: I don't know how you could do it. Example: take the Courthouse, look at it in the viewpoint of how many hours it takes to run and divide it out into 35 hrs/wk or

40 hrs/wk. I'm a believer that we don't have a lot of room to eliminate any more hours in the courthouse. Nelson: if you think this is a first option, it is not. It is a planning option if we can't get the funding correct to pay our debt. Ray was clear about the need to set the fixed costs. Even Northpointe, who got out of defined benefit years ago, has an increase in their MERS costs. The issue has to be addressed so we can get control of the finances. Hafeman: to Larry, Re what Bengry said, it would cost us more at first, but in the long run, a 35 hr. work week will bring it down.

d. **Budget Amendments #3 2013/14 Budget year:** Bousley: We have two amendments. The first one is the Merit Fiber project. We went over the budgeted amount, would like to move $5,000 from building fund to cover that account. In the long run we'll have our LEIN traffic set up via this too, which will save us some money in the long run. I'm looking at possibly having our phone lines through them also. The second one is courthouse security: went over a little over $7,000 there. We got everything Treasurer's dept., Clerk's office done. The P.A.'s office and District court are almost done. So we ask to move $8,000. Both of these are to come from the designated building fund. Com. Hafeman moves, Com. Schei seconds moving this forward to the Board for approval. All coms. concur. 3/0 (Com. Lang stepped out.)

Public Comment: Brian Neumeier: I'm confused with where some of your numbers are coming from for the MERS deficit. You're quoting the auditor, in the audit, the unfunded actuarial accrued liability is $5,654,403. To me this means, if Menominee County writes a check for $5,654,403 to MERS, you'll be paid up 100%, according to MERS. You can not mix the actuarial and the actuals. If you look at the actuarial value, it is $19,554, they calculate raises that are significantly higher than the raises that these employees have gotten in my tenure here. They go nowhere near those numbers. If you're going to quote the auditor, then use the number in your audit. Page 46. I believe that's 5.6 mil., not 7.4 mil. Comments I've heard in past meetings, blaming other boards, pointing fingers at administration, there was nobody on the county board that had anything to do with the stock market crash of 2008. If you look back at your records, that's basically when your MERS liability doubled, or close to it. Even individual investors crashed in 2008. You say the State is going to step in and do something about the unfunded liabilities from MERS. A release from the gov. office in 2011. The deficit for the state unfunded retirement is 14.5 billion dollars. They hope to reduce to 8.9 billion. I'm not sure the state can say anything about your MERS debt. Diane Lesperance: Recently I saw a statement from the governor that he was recommending counties look into the hybrid plan. MERS called me and said that they are looking into all fire and police (would include sheriff) falling into a hybrid plan verses a defined contribution. MERS wouldn't require us to pay down faster if we go with a hybrid plan.

Commissioner Comment: Nelson: I researched 2001 we were 1.5 mil. unfunded according to the statistics the actuarial was 5.6 mil. We're not getting an 8% growth. Even with the crash in 2008, it's not reflected in the MERS statements. I do appreciate the comments but it has been looked at. I don't fault other people. I just say we have to work together to get this done. There are a lot of people who put good heart and good faith in this courthouse working. They deserve every last thing we've promised them. They should not have to sit around and wait for it to come.

Adjourn: Moved by Hafeman supported by Schei to adjourn the meeting at 10:22 A.M. Motion approved 4/0

Budget Amendment #4 - Finance Committee 6.12.14

18	6/3/2014	Grant Received	$	500.00	271-000-544.00
			$	500.00	271-790-727.03
19	6/3/2014	Anonymous Grant Received	$	500.00	271-000-544.00
			$	500.00	271-790-727.03

MENOMINEE COUNTY LIBRARY

S 319 RAILROAD STREET

P. O. BOX 128 • STEPHENSON, MI 49887 • 906-753-6923

June 3, 2014

Jessy White
Menominee County Clerk's Office
839 Tenth Avenue
Menominee, MI 49858

Dear Jessy:

We were fortunate to receive $500.00 from who would like their bequest to remain ***anonymous***.

We are requesting the following budget amendment for the current 2014/2015 fiscal year, to reflect the amount of this bequest.

$500.00	271-000-544.00	Grants, bequests, etc.
$500.00	271-790-727.03	Restricted purchases

Their check #3090 for $500.00 was deposited with the Treasurer's Office on May 29, 2014 -- Transmittal #623.

Please let me know if you have any questions. Thanks for your assistance.

Sincerely,

Patricia F. Cheski

Patricia F. Cheski
Library Director

#18

MENOMINEE COUNTY LIBRARY

S 319 RAILROAD STREET
P. O. BOX 128 • STEPHENSON, MI 49887 • 906-753-6923

June 3, 2014

Jessy White
Menominee County Clerk's Office
839 Tenth Avenue
Menominee, MI 49858

Dear Jessy:

We were fortunate to receive $500.00 from the estate of Clarence and Rosemarie Hanson. Their children asked us to purchase resources for the visually impaired.

We are requesting the following budget amendment for the current 2014/2015 fiscal year, to reflect the amount of this bequest.

$500.00	271-000-544.00	Grants, bequests, etc.
$500.00	271-790-727.03	Restricted purchases

Their estate check #5049 for $500.00 was deposited with the Treasurer's Office on May 29, 2014 -- Transmittal #623.

Please let me know if you have any questions. Thanks for your assistance.

Sincerely,

Patricia F. Cheski

Patricia F. Cheski
Library Director

2013-2014

BUDGET AMENDMENT
NUMBER #18
June 3, 2014

Re: Grant Received for Resources for the Visually Impaired

Account Numbe	DESCRIPTION		Budget
271-000-544.00	Grants, Bequests, Etc.	$	500.00
271-790-727.03	Restricted Purchases	$	500.00

Check # 5049 Deposited on 5/29/14 (Transmittal #623)

2013-2014

BUDGET AMENDMENT
NUMBER #19
June 3, 2014

Re: Anonymous Grant Received

Account Numbe	DESCRIPTION		Budget
271-000-544.00	Grants, Bequests, Etc.	$	500.00
271-790-727.03	Restricted Purchases	$	500.00

Check # 3090 Deposited on 5/29/14 (Transmittal 623)