

Menominee County Finance Committee
Minutes of Meeting
3/22/2019

*******APPROVED 8.20.19*******

The Finance Committee met on March 22, 2019 at 10:00 AM at the Menominee County Administration office.

Call Meeting to order: Com. Hafeman called the meeting to order at 10:00 A.M.

Pledge of allegiance: was recited by all.

Roll Call: Finance Commissioners present Hafeman, Gromala, Schei and Prestin.

Approval of Agenda motion by Com. Gromala and supported by Com. Prestin to approve the agenda as written. Motion approved 4/0.

Previous Meeting minutes: 1.25.19 – motion by Com. Gromala supported by Com. Schei to approve minutes as submitted. 4/0

Public Comment: Teresa Boscarino – CASA; Judge Hass – CASA; Gloria Anderson – CASA;

Department Head/Elected Official Reports: Sheriff Marks: Thanks the volunteers here for their importance in the community. Staffing: The Undersheriff and I attended the Corrections Academy graduation. We had two officers graduating. One of our employees was the honor graduate. One of the graduates was offered a full time position right in front of me. Other counties were also poaching for her. That's due to a lack of corrections officers. Losing employees after you've trained them is devastating to us. **Diane Lesperance:** I'd like to address the issue of my vouchers. I feel like I'm continually being targeted and bullied. I would like to know what the reason is for this happening. At the last CB meeting, one Commissioner again brought attention to my voucher for attending the Michigan Association of County Treasurers winter conference. A quick call to my office would have answered any questions. My travel was discussed in the Admin. office prior to my travels, where I also got the tax exempt form filled out and signed. At the last meeting when this was brought up, there were 14 vouchers presented for travel/mileage; mine was the only one questioned. I find it very upsetting that my voucher was the only one that was brought up. Diane hands out pages of vouchers that have been approved since the beginning of this budget year. I find it very upsetting that I am the only one targeted. One other thing, this voucher was not even paid from the general fund. It was paid from the PA123 Foreclosure account which is totally under my control as to where the money is spent. I have never gone over my budget or the Foreclosure account. If there is a problem, please come to me and tell me what it is. **Jason:** We have limited cars which makes going downstate difficult. Gerry and I rented a car from enterprise out of Green Bay to go downstate. It was cheaper than paying mileage for employees to take their own vehicles. We're looking at some kind of corporate account with a rental place. We'd look at somewhere in Escanaba or Iron Mt. and pay mileage from here to there. And we just pay the lease fee and gas. We will be looking further into this and may be bringing to the board in the future. There will be some things coming from the personnel committee to the full county board at next week's meeting. A recommendation from the airport that could possibly save the county upwards of \$40,000. Another suggestion from the sheriff's office that the personnel committee recommended to be moved forward, is likely to be budget neutral but take care of their overtime issues; also has the potential to save significant money as well. The PA's office recommended to add an additional Asst. PA. That will be an expense on the budget. There are a number of things coming forward that will have a budget impact. **Larry Schei:** Menominee County Airport used to have rental cars but they had a problem with having vehicles returned to Green Bay. We had to return them. It turned out that it wasn't workable for us. **Jason:** Expenditure/Revenue Report – I sent out in March. Let me know if you see any issues. Nothing really stuck out that drew my attention. **Larry Schei:** Page 12, the county appropriations and county operating transfers that come from the General Fund, totaling \$1,036,565. That's no small amount. We need to really look at this before we make any decisions. I encourage the finance committee to review this page. I'm not saying the \$ aren't justified, but it's a lot of money. **Jason:** Part of that was from 911 and the console package.

Business Items

a. Menominee County Fee Schedule – BS&A/GIS ~ Jason: I'll let Kandace lead the discussion. **Kandace:** I have three separate charges that the county has, one for BS&A, one for GIS and one would be for a new charge for splits and combinations that we currently do not charge for. Our BS&A is for our assessment database which is on line and available for \$2 per record card to the general public. The cost of the BS&A database for business entities (Zillow, Black Night, Core Logic) is currently (and has been for ten years) \$350 per database. I've given you some comparisons; Delta Co. charges \$1,500; Dickinson Co. charges \$100 per unit, they have 13 units. We are charging the least amount in the U.P. I am asking the board to bring that up to \$1,600 (\$100 per unit, we have 16 units). When they request a database, my office handles the request. I recommend that we charge \$1,600 for the database. **Prestin:** Where did that number come from? Did you do a cost analysis? **Kandace:** \$100/unit; I based it on what other counties are charging. A cost analysis based on... **Prestin:** Based on your costs, costs to generate; long term and short term. **Kandace:** No, it doesn't go by cost. **Prestin:** When you charge a fee; fees I would believe from a government entity are generally recouped, based on costs incurred. **Kandace:** There is no re-cooping. This is to provide a service when they ask for information. Core logic, Zillow, they take our information and they sell it. **Diane:** BS&A was paid for out of the PA123 Foreclosure fund. In our office, per MI MCL, when entities request information for delinquent, we are required to charge \$.50/parcel. Core logic calls our office twice a year for delinquent rolls, and it usually ends up being \$2,500. They don't even blink an eye. And that's per the law. **Kandace:** you can ask for more, or leave it as is. **Jason:** Just so everyone knows, we have ongoing costs every year for BS&A and GIS. This revenue will help offset the costs, but it won't cover the costs completely. **Gromala:** But you're not charging per unit? You're charging for the full database. **Kandace:** Yes, but the board can choose to charge \$100 per unit or \$1,600 per database (Full County) it's the board's decision. I'd like to request that the board increase this from \$350 to a higher amount. The second request I have is to charge \$ for the GIS database. We're currently charging \$350. This is a lot of information and they should be charged more for it. **Jason:** The important thing to remember is it's free on line for our citizens to use, and always will have access for free. It's a taxpayer funded project. We're looking at these companies asking to buy it to turn it into a product that they now sell. That's just not fair to our taxpayers that have funded that project for them to make a profit. On a case by case basis we can also exempt the companies from paying the fee. **Kandace:** I'm requesting \$1,000 for the shape files. **Schei:** How many parcels does delta co. have on their GIS compared to ours? **Kandace:** I think about 28,000 they're slightly bigger. **Schei:** The reason I say this is because they're charging \$1,500 and you're proposing \$1,000. I think we should go higher, perhaps \$1,200 or 1,500. I don't want to short change you and all the work you put into it. All Commissioners agree to charge more than \$1,000 for the GIS database. **Kandace:** Third request is the charge for splits and combinations. We get about 300 per year. A bulk of the work happens in equalization. Other units charge for splits/combinations we charge zero. If we charge a fee, this money can go right back into GIS. I'm requesting \$30 per combination or split. If there are five splits involved it'll just be \$30. It would have to be a board directive down to the local units. Some of the assessors I've spoken to, they're fine with it. It doesn't affect them because we do the work here. It would affect the taxpayer that is requesting the split/combination. **Hafeman:** I'm not sure \$30 is enough to cover it all. **Kandace:** My suggestion would be to start with \$30. I guess if you want it bad enough, \$50 may be ok, I don't want to burden the taxpayer that much. **Prestin:** The splits/combinations, I've got to believe that there is a decent amount of it that represents economic activity. People are dividing land, selling, putting up a camp, cottage, or house. I would tread lightly. I wouldn't want to put any encumbrances on people wanting to engage economic activity. **Schei:** I'm in favor of Kandace's recommendation of \$30 for the splits/combinations. I also think we should go with \$1,500 for the digital shape files and \$1,600 for the BS&A data. **Jason:** When the combinations/splits. When they come in, do they go to the ROD office first? Is there a way to make sure we don't do the combination/split before we do it? **Kandace:** We'd have to come up with a resolution explaining the process and have the local units agree; I'd have to track it myself, but yes, I can do that. **Jason:** I think we could put the revenues from BS&A into the general fund revenues. The GIS fees & splits can go into a special revenue account which can then be used for the annual services fees and for additional upgrades to GIS (add layers, etc.) which would improve the system for the taxpayers. **Schei:** Is there floodplain info. on GIS? **Kandace:** No. **Schei:** That would be another layer we can buy and pay for. **Kandace:** Yes. **Diane:** One more thing on these splits, sometimes the splits are being done and taxes aren't paid on the parent parcel, then there's argument on who owes what. We're trying to get something done at the state level to fix that. Something like not allowing a split to be done unless the

taxes are paid on the parent parcel. **Sheriff Marks:** Spoke about Search and rescue teams having apps on cell phones or the Garmin GPS. It's very convenient to have the info. if needed. I pay a lot of money to have this info. (per state) along with all the layers attached. **Gromala:** Licensing agreement **Kandace:** Perhaps we can work together Diane, so I can be sure all taxes are paid before splitting or combining parcels. Moved by Com. Hafeman and seconded by Com. Schei Fee schedule: BS&A database - \$1,600; GIS shape files - \$1,500; Splits/Combinations - \$30. There may be a slight delay as we have to get a resolution ready and make sure how we'll collect the fees.

b. CASA Grant – County match funds \$6,760 ~ Jason: The County's portion would be \$6,760 to come from the general fund. Have we looked at any other way of finding this? Such as the SUD board or from Hannahville. **Judge Hass:** I did put in for a Hannahville grant. I never heard back on that. **Hafeman:** Are most of the abuse and neglect cases a result of drugs. So perhaps we could use SUD funds. Judy Brugman in Mqt. Would be able to answer some questions. Can we use those funds for that? **Jason:** I don't have answers about the SUD board today. I'd have to look at this. Judge what is our timeline for this? **Judge Hass:** if you act now, they may still be able to use the money through this current year. The state budget year starts in July. **Phelps:** I would like to see this committee at least come to an agreement to bring it to the board to expedite this. I spent time with these people. They spend endless hours (volunteer) working with the children and volunteering their time to raise money. I think it would be a terrible disservice if we do not help this group out. If the grant doesn't go through this year, I'd still like the board to look at funding this. **Gromala:** Our children are our future. **Hafeman:** That's right, I feel that way. I want to see, somehow, this be funded...even if it's only the \$6,760 from the county. This is for training of our CASA people. I think it's very important. They received the grant. (Judge Hass confirms). Now it's up to us to see if we can find another source to supplement it so it doesn't have to come out of the general fund. **Schei:** I think we should approve the budget amendment for it to come from the general fund; Jason can continue to look into other sources. When we start budgeting for next year. That would be an appropriation and they should request for next year then.

c. 2018/19 Budget amendments #2 ~ Jason: discusses budget amendments 15-19. They are included with these minutes as "Attachment A". Com. Gromala moves to recommend the budget amendments to the full board for approval, Com. Schei supports. 4/0

d. Friend of the Court – Cyber Security Audit ~ Jason: This is a new state mandate via the FOC. They are requiring an IT audit to be sure the information retained on the FOC computers isn't vulnerable to an outside source. The State is mandating that we do this, it is in the budget. This is something we'll have to do now and again every three years. 66% of the cost will be absorbed via title IV work. So the actual cost to the county will be \$6,600. This quote comes from MGT, we're already contracted with them for our Title IV services. There may be other companies that we can go with to do this audit, but since they already know us, I recommend that we use MGT instead of go out for bids from other businesses. We'll move this to the board for approval to have MGT do the audit. **Gromala:** When we start adding these things on to the overall contract, will we be looking into the future to have all of the services included for future RFP's? **Jason:** that can be looked into. Com. Schei moves Com. Gromala seconds to move this to the full board for approval. 4/0

e. Veterans' Grant ~ Jason: This has been quite the project this year. This got delayed for the first five months of the budget year. I don't know if we received the money as of yet. There is a potential of receiving about \$57,000. I'm presenting an amended budget to submit to the state. I'm asking them to change the salary portion significantly (no person in the position for half of the year). I added some mileage. That would be for the VSO traveling and accreditation. I'm proposing we pay for all of the office equipment from this grant. Two computers and MS licenses. I'd like to get only laptops so they can be used within the county as well as at their desk (with a docking station). **Hafeman:** When does this grant need to be used by? **Jason:** September 30th. We have enough money from this grant to use for a veteran's vehicle to be used for travel around the county when they meet with veterans. **Hafeman:** Does it have to be a new vehicle? A lot of times, rental agencies sell low mileage used vehicles for good prices. **Jason:** We have about \$25,000 available. If we don't use the money from the grant, we'll have to send the money back to the state, so I think a new vehicle could be covered. The state will need to approve this. I just want to get feedback to see if the commissioners feel this is a good way to spend the money. **Schei:** Questions the

docking station. Basically with a HDMI cable you can connect directly to a monitor without a docking station. **Jason:** I think for ease of use, the docking stations are the way to go. Consensus is to move forward to the full board for discussion.

Commissioner Prestin is excused @ 10:45

f. MERS ~ Jason: Financial reports included in the packet. Annual/Quarterly statements. They show our net position for the county. Throughout the entire year (2018) our net invest income was...we actually lost \$764,230.75 in our MERS account and about \$37,000 for admin expenses. We had a very bad year for MERS. December was a very bad month for the market. We made money in the first three quarters. But we lost over 1million in December alone. What we'd like to be seeing right now is the net income covering the benefits paid out for the year. We didn't see that. Not to scare anyone, this is the way the market works. Half million dollars in budget for MERS. If you put extra \$\$ in it'll benefit us, as long as you don't lose 100% with the stock market. Timing the payment into MERS to play the market; basically every ten years we have a market correction. The speculation is that there will not be as big of a correction as in 2008. If we do put the money in, we can create a surplus division, which will still count in our total unfunded amount, but it won't reduce the monthly payments. This would accelerate how fast you pay off. After talking to Tera, page 13 of the actuarial. We're now putting in 850,000...that will go up to 1.1mil in the future (mid 2020). Bad news is MERS is readjusting their expected returns from 7.75 to 7.25-7.5 which would increase our contributions. Are we going to be able to afford these yearly payments? We know we can't do it with our current revenues. We'll probably be pulling from the general fund...keeping 20 to 30% in the GF to cover your budget, that's what the auditors want. We use the general fund for our projects. It's dangerous to use the GF for our operating expenses. **Schei:** At the last meeting, I was adamant about contributing the \$500,000 that the board had agreed to do; but in light of the changes and talking with some former board members, the intent wasn't necessarily just to pay that amount into MERS just to get our unfunded balance down; the idea was to keep our regular monthly payments so we don't get way behind in our regular contributions. That money was to supplement our regular contributions so we wouldn't go the other way. That's really the intent now, to make sure that we don't get behind, as far as our normal contributions, which you say are going to be bigger because of the return on investment. **Jason:** I would say I'm hesitant to give the \$500,000 to MERS because of the market. That has nothing to do with MERS, it has everything to do with the market. **Jan:** It also has to do with our general fund. **Jason:** Yes, that too. There are benefits if you do put into MERS, if they are returning more than 2.5% on investments. The benefit would be if we do put the half mil into the surplus account with MERS, we would definitely make more than 2.5% on average. So I'm hesitant to put it in. If the Board does want to put it in, I would say that they first set up the surplus division and put it in there. We can also pull the 1.8 mil (overage) that was put in previous years. What that would do is raise the yearly contributions ultimately paying down the liability quicker. **Jan:** We're 70% funded, where should we be? **Jason:** Right now we're at a good mix with where other counties are. Ultimately, we want to be at 100%. But basically, we'll be fluctuating with the market for the next 30-40 years. We're talking about accelerating our payments. We have these 15 year amortization schedules which really pay two years of contributions per year to accelerate the pay down. In the future, we could use the surplus division (if we go this route) to pay down monthly contributions if we don't have enough money in the GF to do so. Ultimately I'm hesitant on giving the \$.5 mil. altogether, but if we do go that route then the surplus division would be the safest way to go. I'm concerned that we may need that money in the future for something other than MERS, but the board made that decision to budget it for MERS. So I can't go against that, I'm just thinking we may need that money in the future for something else because we don't borrow money. Our revenue is in a standstill. **Diane:** I know Delta Co. added the surplus account, perhaps call them to see how they did that, if they're happy they did it, would they do it again. Where we are on our percentile, we're at the high end of other counties, so we're at a good spot. **Larry Phelps:** it wasn't all that long ago that the state said if the counties don't regulate this themselves, the state is going to step in. **Jason:** Something that we can consider, we put 1.5 mil additional in 2016 and 388,712 in 2014. If I understand the surplus division correctly, we have a one-time option with the surplus division to pull that "additional" money out of the divisions they were placed into, and put it into the surplus division. That would make the yearly payments higher for each division and the "catch up" quicker. What you're not doing is subjecting the \$500,000 that we may need for something other than MERS. Once it's at MERS, you can't get it back. You could use it to offset our payment, but once it's too MERS, you can't ask them for the money back. **Jan:** Part of that money was RP money. We can't move that. **Jason:**

You can create a surplus division associated with a division. So you could create a division only for Road Patrol, pull the “additional” money they put in and place it into the RP-Surplus division. That would make their yearly payments go up, but they can use the surplus to supplement yearly payments if needed. Schei: So you have an associated division and an un-associated division. We do both, so that’s the decision we need to make. Do we want to go that route, do we want to just give a chunk of cash and not create a surplus division, do we want to do nothing? That’s basically our options. **Jason:** Things to consider ~ Can you afford to spend \$½ mil. out of the general fund? We have the money now but we use that money for all of our capital projects, we don’t borrow money in this county, which is good. You have a very conservative investing strategy right now with the CD’s. You’re guaranteed 2.5 to 3%. On the negative side you could be making a lot more money in the stock market, but you could also lose money in the stock market, so how comfortable is everyone with the risk? Ultimately, over a long period of time, you’ll probably make 10% over 3%. Don’t forget about the 7.75% going down to 7.25%. We’re looking at 1.3 mil. payments within the next three years, how much is that going to make our yearly contributions go up? **Gromala:** By establishing a surplus, it will allow us to know that this money is not set aside for other things so that we don’t all of a sudden say “we’ve got all this money in the GF, let’s use it for this, or that”, which may be valid things to get for the county. At least by putting it there, we are showing the taxpayers that we’re being responsible. **Schei:** I agree because that money was given to us by the taxpayers. It’s their money, it’s not our general fund to use it however we want to. We should spend it in the best interest of the taxpayer. The surplus division looks like the way to go vs taking money that we might need for something else. **Jan:** I like the surplus division. What we would be doing is paying more into MERS per month in addition to having that money sitting there. If we’re going to do anything, I think we’re better off putting it into the surplus division where they’re not counting that into our costs, but we are in fact paying it down. The surplus division is the most logical place to put the money. **Schei:** Asks Jason to put together a summary of the monies that would be available for each option. **Jason:** I’d like to bring this back to another Finance meeting before we go to the full board with it. I’d like to find out from MERS what would happen if we take the additional \$ paid in, out of the divisions and put it into a surplus right now. Maybe that would help the board to make a decision. **Diane:** Right now, you’re just trying to decide whether to set up the surplus division, not to decide on what monies will go into it. **Gromala:** I believe we really need the information you will provide from MERS, so at the next Finance Com. meeting we can have a better understanding on what we move to the board. **Jason:** I’d like Tera to come and talk to the finance committee about this. **Jerry Piche:** I wonder if we shouldn’t have a meeting of the whole instead of two more meetings. It will double Jason’s work having more than one meeting. **Schei:** Very good Jason, you’re on top of everything.

Public Comment: **Teresa** from CASA: Thank you very much for your willingness to make an exception for CASA. We greatly appreciate that. **Diane Lesperance:** This was a very productive meeting and I’m glad you went with CASA. I had a family member on the CASA board so I know how hard it is to do what they do. It’s a very emotional thing to get involved with the children. I commend them for all the work they do. **Gerald Piche:** I just admire this committee and Diane for listening and communicating with Jason. And coming to an agreement This is the best Finance Committee meeting I’ve ever been at. Thank you! **Gromala:** That’s because of Leadership.

Commissioner Comment: None

Adjournment: Moved by Com. Schei, supported by Com. Gromala to adjourn the meeting at 12:23 PM. Motion approved 3/0.