

Menominee County Finance Committee  
Minutes of Meeting  
December 18, 2013

\*\*\*\*\***Approved 2.26.2014**\*\*\*\*\*

The Finance Committee met on Dec. 18, 2013 at 8:30 AM at the Menominee County Courthouse, Administrative Office.

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

**Call Meeting to order:** Chairperson Nelson called the meeting to order at 8:30 AM.

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

**Roll Call:** Roll call was taken; all finance commissioners are 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:** November 12, 2013– moved by Com. Hafeman and supported by Com. Lang to approve the minutes of the Nov. 12, 2013 Finance Committee meeting. Motion approved 4/0.

Update on the heat, we busted a line and have had to fix that. The valve was being replaced and the line blew up. This happened in the ROD vault. No records were damaged. We're up and running now.

**Public Comment:** None

**Business:**

- a. **Unfunded Accrued Liability Plan:** Brian: This is part of the EVIP for revenue sharing that the governor wants to put into place. There's usually a template for doing these things but it's so new, they don't have one yet. By June first we have to come up with a plan to show our unfunded accrued liability and list a few things we have done to correct that. We have approached the union to go from DB to DC, budgeting money aside to pay down MERS. We have a plan in place as far as the steps we're going to take. Ray will be here for the audit in a few weeks and he'll be happy to meet with us then if anyone has any questions. Nelson: It sounds like we're ahead of the game in comparison to other people. Next year the cost for MERS is raised to 770,000. Is that something we'll have to address by June 1, 2014? Brian: I think this will be shown in the following year's plan. Nelson: We've been falling behind 5-600,000 per year. Instead of having finance looking at budget in June/July/Aug. we should look at it prior to that. Brian: Last year we had to have accountability, consolidation, and PA 152 for compliance with the revenue sharing return. Bernie: To be in compliance with the act, we have three options, 80/20, State hard caps, or opt out. Schei: Can we use that as a compliance thing? Bernie: we still have unions not paying 20%. If the contract was in play before a certain time, they follow their contract. Nelson: we should have a finance com. meeting while Ray will be here. You can see revenue sharing by county on the internet.

- b. FY 2012/2013 Budget ~ Road Patrol Budget Amendments:** Brian: When we put the budget together and added a deputy in, that line item was not added into the final numbers. Leaving the salaries, fica, fica med., etc. over in their budget. The payroll and HR software can be purchased to eliminate these issues with excel. We really need to discuss that. Everything is correct in the 2013/14 budget. Nelson: Did that switch from the Sheriff Dept. budget to the Road Patrol? DuPont/Bousley: No. Nelson: There's money in the Road Patrol budget from the millage about 1.3 mil. We set aside \$250,000 for the FY 2013/14 budget in MERS. Bousley: Even after the \$61,000 correction we're still about \$237,000 to the good. Everything is corrected now and with the current budget. Nelson: but it has been corrected for 2013/14. Brian: Yes, 2013/14 is correct. Increase in salary \$44,119; health Insurance \$13,914; Life ins. \$30; FICA \$2,639, FICA MED \$617; for a grand total of \$61,319. Hafeman: moves to make the adjustments, Lang supports. All commissioners concur to send this to the full board for approval.
- c. Required positions in the Sheriff Dept. per state law:** Nelson: The Sheriff sent a letter saying he was going to hire. I asked Brian to get an opinion on that and according to Stoker, he can't just go ahead and hire. There's still a shortage in the sheriff dept. and the shortage in the jail because of part time positions. But if we hire part time then we add to the defined benefit plan. One thing we can do is look at current people in the sheriff dept. If there are positions that are currently funded and not required by law, can we use those positions to cover in the jail at least until the hiring freeze is over, that's a lifetime cost. Hafeman: what about the secretary? Nelson: that's not required by law. Nelson: Can those people do jail responsibilities? We must have the jail covered, that's the law, the Sheriff's right. But if we have positions not required, can those positions be used either (a) adjusted to cover or (b) to be altered? I think it would be incompetent on our part to assume any additional cost right now considering we know we have to correct the problem we have already with our budget. Brian: I spoke to the sheriff and undersheriff about it. Both of them fill in at the jail right now. Nelson: So is this a problem where we have to do an emergency hire now or is this no longer an issue. Schei: They have to be certified corrections officers too, don't they? Bousley: Yes Lang: So he's covering that with overtime now. Do you have any idea how much overtime we're spending to cover? Nelson: We had the same last year as we did the year before, no additional overtime. The sheriff said that it was a tremendous cost to overtime because of the hiring freeze, he was incorrect, it was about the same. Our overtime cost is well within the perimeters. Schei: The total cost is the same even though there's less employees getting overtime. Nelson: Yes, there's no change. It didn't affect the budget at all. And we're not paying the additional cost of insurances and retirement when bringing new people on so it's still a better system for us right now. It's not the best thing; I'd like to see the hiring freeze done, but we have to keep within this budget until we know where we're at. Lang: Is there such a thing as employee burn out for all the added overtime? Nelson: I didn't have that issue with my staff with child abuse/neglect children protective services, sometimes working 100 hrs/wk., so I don't think that's...Schei: Law enforcement is a whole different ballgame, I can't compare that to anyone else. Does he have any other certified officers that can fill in? Brian: They have the Jail Lieutenant that runs the jail, she fills in too. He's down to one part time person who can only work 4 hours per month, due to his own restriction. He doesn't want to hire all six vacancies, he'd like two or three now. Hafeman: How long is the certification process? Brian: If they're not already certified, there is a 4-6 week program (Corrections Academy) at Northern, after that there is an on the job training for about 6 weeks. Nelson: So if we hire temporary, we end up with ten weeks, and they would have no ability to get into the defined benefits, but we'd have all this cost in training and expenditures to do so. If you look short term it doesn't seem like much, but if you look into a 30 year process, retirement

is probably going to add another mil. What about the Supervisory unit, can't they be utilized in the jail? Schei: Are we qualified to make decisions like that as a board? Aren't we more policy and budget oriented than making decisions on how you staff. Hafeman: for one thing we have a hiring freeze. Schei: If we need people to be certified, do we need what they have to be in order to get certified. What their qualifications are. We're talking about moving people from one place to another which is a personnel function, maybe they don't have the qualifications, and maybe they're not eligible. Nelson: the positions that were created... There were two lieutenants and two sergeants, and an Exec. Secretary position. Lang: they were legitimately hired and they were funded in the budget, I think we're trying to micromanage the sheriff department and I don't think we're qualified for that. Nelson: I think we're qualified to manage budget. Lang: We already approved the budget. Nelson: We approved the budget but we have a hiring freeze, no new hires. We have no increase in revenues. We are losing some property taxes. Schei: If these positions are in the budget and we approved the budget but in long term we don't want them in there because they cost too much. Why did we approve the budget and leave those positions in there? Why weren't we proactive and look at the long term? Now the positions are there and are funded and he wants to put 2 or 3 back in there... what are we supposed to say to him, we approved your budget but No, you can't! That's my problem with this. We're supposed to honor our financial commitment. Nelson: Our financial commitment is our 7.5 million dollar liability we have from MERS. Because previous people chose not to do it doesn't mean we don't have to do it. The state now says we have to do it, that's something we have to address. We have a hiring freeze on so we don't increase the cost of our retirement. Schei: The sheriff told me that he can't get people to work overtime because they've already worked too many hours. As is their right. I disagree with you and I'm not in favor of what you're proposing. I think the sheriff knows better how to run his department than we do as a finance committee. Lang: I don't think the hiring freeze is working. How long are we going to keep it in place? The hiring freeze isn't going to force the employees to change the retirement plan. The thing that's going to do that is negotiations. If you want concession from the union, you have to be able to give... it's called negotiating. It's time for us to seriously start negotiating the defined benefits vs. the defined contribution and probably lift the hiring freeze because it's doing us more damage than good. Nelson: There's no evidence that its doing us any damage, there's comments. I look at things I can measure. We've had people comment that there is no problem with MERS. That is absolutely absurd. Every last person in the know, that has some knowledge, has said there's a problem except a couple of people who have said things at meetings that they didn't know what they were talking about. We have a problem we have to fix. It would be incompetent of us to increase our cost. Lang: What percent of unfunded will satisfy the state? I think the board is a solution looking for a problem, I don't think the problem is that serious. To work to 100% funding I think is unrealistic. 100% funding would cover the county if everyone retires tomorrow. Nelson: It's ok not to fund things until people who have worked all their life and then it's not there. We owe our employees and taxpayers that respect. Is there positions in the Sheriff Dept. that can be used to fill in, that aren't required by law. Again I ask, are there positions in the Sheriff Dept. (not required by law) to temporary cover until we can get through this. Hafeman: Right now we're funded at 61% it would be ludicrous for our people to retire and only have 61% of retirement given to them. Schei: I think we should ask the Sheriff that, we don't know. Brian: Part timers are not covered by the contract like they are here in the courthouse. The only way they could gain the DB is if they are hired full time. If you were to hire them part time and they remain PT, MERS is not effected. DuPont: They actually sign a waiver in the sheriff department for part timers, waiving any benefits when their hired on. Nelson: If we can get it in writing that they never go to defined benefits from the union, I have less concerns about this. That's not what we've

been seeing. Our concern was that if they go FT they would go to DB. We can't afford a future expenditure. Schei: that's a moot point with the hiring freeze anyway. As long as the hiring freeze is in place, unless we make an exception to it, per Stoker's letter for non-union people. Otherwise we have a hiring freeze, so there can't be anyone hired for anything right now. There's nothing we can do with the hiring freeze in place as it is. Lang: Our status with the retirement we're talking about employees that aren't enrolled in the retirement plan in the first place, they still come under the hiring freeze? Schei: The hiring freeze is for everyone. Stoker said that the board can make an exception for Non-union employees only. Nelson: I would never agree to increase our long term costs during the hiring freeze. Hafeman: I agree, as long as we don't increase our long term obligations.

**d. FY 2013/14 Budget Amendments ~ #1:**

1. Postage – veterans trust to veteran's affairs, \$300 done annually.
  2. Building Code, transfer of funds for a computer \$850.
  3. FOC's 215 acct. for the manpower staff they have \$5,000,
  4. Courthouse security – moving \$5,000 from building fund to the Courthouse security
  5. Hannahville grant received for the Annex window (glass) replacement, \$2,500
  6. Hannahville grant received for CH Security \$3,675.
  7. Anonymous donations (2) for the library at \$500 each.
- Com. Schei/Hafeman agree to move these items to the full board for approval of the amendments. All commissioners concur.

Back to part b (items missed for discussion) – K-9 account to be reimbursed with the designated K-9 (donations) account. Total \$16,875.03 the fund balance acct. currently has \$21,769.20. These should have been paid out of the fund balance acct. but were mistakenly taken from the Sheriff K-9 acct.

Com. Hafeman/Lang agree to move these items to the full board for approval. All commissioners concur.

**Public Comment:** Doug Krienke – Sheriff has declared a state of emergency in the Jail. Can we get any part time staffing from the City (mutual aid agreement)? Jerry Piche: MERS observation, 2013 was a good year for investing. We can hope it continues. The word “actuarial” is very misleading. Should be a better word.

**Adjourn:** Moved by Hafeman supported by Schei to adjourn the meeting at 9:37 AM. Motion approved  
4/0