

**Cheboygan County Board of Commissioners
Committee of the Whole Meeting
June 26, 2018**

The Committee of the Whole meeting of the Cheboygan County Board of Commissioners was called to order in the Commissioners Room by Chairperson John Wallace at 9:30 a.m.

Roll called and a quorum present.

PRESENT: Commissioners Karen Johnson, Richard Sangster, Michael Newman, Cal Gouine, Roberta Matelski, John Wallace and Robert Bolinger

ABSENT: None

Commissioner Wallace gave the invocation and led the Pledge of Allegiance.

Motion by Commissioner Bolinger, seconded by Commissioner Gouine, to approve the agenda as presented. Motion carried with 7 yes, 0 no and 0 absent.

CITIZENS COMMENTS

Carl Muscott citizen of Tuscarora Township commented on the NLEA starting a consortium to develop broadband in this region. Those of us who attend the Planning Commission meetings know Tillman's infrastructure was upgrading all of the AT&T antennas to 4G, which means for streaming videos by wireless and Cherry Capitol was expanding in the North part of the County with wireless cell phone service. This was 5 or 10 years too late and was just another make shift project for the NLEA that the County didn't need. He noticed that the auditor stated that the undesignated reserve fund was \$8 million, which was 69% of the annual budget. The County policy was to maintain a 30% reserve fund based on the annual budget. This was more than 100 percent more than the County needed. He suggested that if the figures were correct for infrastructure, this could be easily paid out of the reserve funds rather than ask the taxpayers for more millage or a surcharge. As grants become available, the County could get some payment back from the first responders.

SCHEDULED VISITORS/DEPARTMENT REPORTS

CEO Christine Gebhard presented the North Country Community Mental Health 2017 Annual Report. North Country Community Mental Health serves six (6) counties in Northern Michigan. The local representatives on the board are Mike Newman, Ed Ginop and Robert Boyd. It had a FY 2017 Budget of \$47 million with 2% of that being from local match. The majority of the funding at 87% comes from Medicaid, but that local match from the County was necessary to draw down some of those Medicaid dollars. She stated the contribution from the County was very much appreciated. Cheboygan County contributed \$111,995 last year. This was the same amount contributed every year since they have become an authority, which amount was frozen. NCCMH funded more than \$14.5 million in payroll for more than 271 employees, which covers the six (6) counties and another \$24.1 million in service contracts resulting in employment of more than 682 additional people. This was done with only 7% in Board/Administrations services. The majority of the funding went into services. NCCMH served 4,035 people in FY 2017 and of those 628 were from Cheboygan County with 457 adults and 171 children. These residents received \$5.2 million in community mental health services. The client satisfaction was 94%. Some of the areas where NCCMH focus on were supporting employment services, supporting

housing services, and the New Horizons Clubhouse. These were the type of services that help people with the social economic type issues that they face in conjunction with their mental illness or development disability. NCCMH has to look at supporting that whole person to try to make them active integrated people within the community. Last year, NCCMH received a block grant funding for the jail consultant and NCCMH was very pleased to have that position available. Even when the Block Grant Funding runs out, which it will at the end of 2018. NCCMH plans on continuing this position and will have to use the State General Fund, which is 4% of their budget. This was the fund used when people do not have insurance or are in jail and lose their Medicaid. She believes very strongly that the services and the support that they provide the jails in the community are extremely important. This year, NCCMH was working very closely with the local hospitals so that emergency response for people with mental health crisis continues to be problematic all across the State. NCCMH was strongly advocating at the state level for certain changes. So the response time would be more efficient with the hospital staff. NCCMH was very happy with the relationship with Cheboygan County and will continue to advocate for additional funding to support services in the community. Commissioner Newman commented that being on the Board with Christine Gebhard and Ed Ginop; they make it a very smooth transition process in working and understanding of all the complicated funding. He appreciated the dedicated person that goes around to the different jails. This person gave a presentation at the last meeting, which was well received. It was wonderful being on that Board. Sheriff Clarmont commented that NCCMH has really turned around the services to the jail and to the community. Discussion was held on criminal charges, mental health issues and law enforcement.

Administrator Health Officer Denise Bryan presented the District Health Department #4 and #2 report. She summarized her education and work background. Sustainability for a small health department means maximizing your resources and working as efficiently as possible. The first thing she did was invest in technology to help make them more efficient in the work that they were delivering. The other thing that she did was to look at the community health needs of the clients that they serve and the partners in the community. She stated that District #4 has less than 50 employees. A Public Health Service Model was handed out. It was cut with the financial crisis facing all municipalities and government entities to the level that there was no more cuts to be made in staff. She needed to bring some financial stability to the organization. Last year, they did end up in the black and did not have to borrow from their reserve fund. The fund balance was at \$600,000, which she felt really needed to be \$1 million for the organization to be in a better position. She also evaluates the threats in the community and there were some environment concerns. The business hours were looked at and a night clinic was added on Wednesdays where they would be opened until 6 P.M., which would start on July 9th. There were other high priorities given to mother and infant health and the Opioid Epidemic. She thanked Administrator Lawson and was very appreciative for meeting with her on the renovations in the office. All the work done was just beautiful and they were on the home stretch. A copy of the annual report was handed out to be reviewed at the Board's leisure. She stated that she was hosting with all the alliances in Northern Michigan a legislation round table meeting about mental health issues and funding on July 19th in Gaylord and invited all of the Commissioners, Representatives, and Senators.

NLEA President Andy Hayes stated he was here to talk about Broadband and to answer any questions. The NLEA has been working the last several years on the development of a broadband consortium that would establish a consortium through NLEA that would allow participating partners to access fiber optic bandwidth through the MERIT Fiber system. This would provide the ability of private sector businesses to access the MERIT Fiber system such as hospitals and schools. NLEA was not buying or selling internet service, just supplying this

option so that companies could continue to grow. Tub Fab Administrator Paul Blome who was appointed to the NLEA Board talked about his experience with AT & T internet service, which was just not feasible. Mr. Hayes stated this was a promise ring with things that needed to be worked out. Commissioner Sangster commented on the infrastructure and the importance of following this to get to the next step. This was about economic development in the County and was another tool in the tool box. . Administrator Lawson stated that NLEA has requested that partnering Counties submit a resolution of support for the consortium to provide to the NLEA Board of Directors for their July meeting.

ADMINISTRATOR’S REPORT

Administrator Jeff Lawson reported that Straits Regional Ride would have two transit agreements with the Cheboygan-Otsego-Presque Isle Educational School District for Board approval at the July 10, 2018 Board Meeting.

Administrator Jeff Lawson reported that the Jail Contractor has completed pouring the floors for the addition areas and continues laying the block wall construction.

The storage building contractor has poured the footings and foundations for the storage building. The contractor identified after the pour that the height of the building was low compared to the road grade and has contacted the Architect to discuss options. Meeting was scheduled for today.

Administrator Jeff Lawson reported that the Planning Commission continues work on developing the solar regulations. Draft language was reviewed at their June 20, 2018 meeting and was scheduled to continue at their July 11, 2018 meeting. The regulations provide for three (3) levels of solar developments. Level 1 are a small scale systems permitted in all districts with placement of solar arrays on structures. Level 2 facilities permit limited placement of ground mounted solar arrays within all districts to provide power for the buildings located on the property. Level 3 facilities are large solar farm production sites permitted by special use permit in Agriculture/Forest, Limited areas of Protection Lake and Stream, Commercial and Industrial Districts.

OLD BUSINESS – None

NEW BUSINESS

Audit Manager from Gabridge & Company, Sue Buitenhuis presented the audit of the financial statements for the County of Cheboygan for the year ending December 31, 2017. We did not audit the financial statements of the Cheboygan County Road Commission or the Cheboygan Airport Authority, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely, presented component units. Those statements were audited by other auditors whose report had been furnished to us and our opinion, insofar as it relates to the amount included for the Cheboygan County Road Commission and the Cheboygan Airport Authority was based solely on the reports of the other auditors. The audit contained a clean “unqualified” opinion. The County’s financial statements were free of material budget violations and deficit fund balances; deficit cash balances had been reclassified as due to other funds. Management’s Discussion and Analysis was given. Ms. Buitenhuis commented that back in December the State added a new requirement where they wanted to start paying attention to local governments pensions. The State was requiring after the audit was finished that each County had to let the State know where the define benefit pension funding levels were at

compared to the budget. The funding ration that the State was looking for had to do with the total plan fund assets compared to the total plan liabilities. Cheboygan County was calculated at 69.7%. The State considers it a red flag, if this was less than 60%. She stated that the funding was good for the State. The other component that the State was looking at was the actuarial contribution, which was what the County should be contributing in order to stay properly funded compared to the government fund revenues. The State considers it a red flag, if it was more than 10%. In determining the Counties, it was at 6.2%, which was also good.

Audit Manager from Gabridge & Company, Sue Buitenhuis presented the audit of the financial statement of Straits Regional Ride for the year ending December 31, 2017. This year's audit was performed by Gabridge & Company; the same auditors that performed the County-wide audit. Although the financial statements for Cheboygan County for the year ending December 31, 2017 contained information on Straits Regional Ride, MDOT requires that a separate audit be performed in accordance with the Audit Guide for Transportation Authorities and Agencies in Michigan. The audit contained a clean "unqualified" opinion.

Motion by Commissioner Newman, seconded by Commissioner Bolinger, to accept the December 31, 2017 audited financial statements for Cheboygan County and for Straits Regional Ride. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

County Treasurer Buffy Jo Weldon presented a list of properties that were foreclosed upon as of April 2, 2018. Before selling these properties at a public auction, she must first offer them to the DNR who had the right to purchase any and all properties at fair market value. Any properties remaining must then be offered to the local municipality who had the right to purchase by paying minimum bid as set by the County Treasurer. Any properties not purchased by the DNR or local municipalities must then be offered to the County who had the right to purchase by paying minimum bid. Any property purchased by the local municipality or County must be used for public purposes. She reported that the DNR has already sent her a waiver.

Motion by Commissioner Sangster, seconded by Commissioner Bolinger, to authorize the Chair to sign the Waiver of First Right of Refusal in accordance with Act 123 P.A. 1999. Motion carried with 7 yes, 0 no and 0 absent.

County Treasurer Buff Jo Weldon presented the Sale Proceeds Report. In 2008 and each year after 2008, not later than June 30 of the second calendar year after foreclosures, the County Treasurer shall submit a written report to the Board of Commissioners. All or a portion of any remaining balance, less any contingent costs of title or other legal claims, may subsequently be transferred into the general fund of the County by the Board of Commissioners. Although the law only requires the County Treasurer to report the remaining balance from the sale proceeds, the attached report shows all of the revenues and all of the expenses that have been reported in this fund. Pursuant to the law, any allowable expense can be charged against the sale proceeds. In the foreclosure process there are additional fees that are set by statute such as Oct. 1st a \$15.00 fee added to all delinquent taxes that are in the 1st year of delinquency and March 1st a \$235.00 a fee added to all delinquent taxes that are in the 2nd year of delinquency. These fees are to help cover the costs of recording fees, mailing notices, title searches publications, etc. The sale proceeds and the fees have covered expenses in administering the program. The 2016 Sale Proceeds was \$360,628.87 and total Surplus was \$388,079 in the foreclosure fund. A Federal District Court's Opinion and Order in Freed vs. Thomas, et al., was presented. A decision needs to be made to transfer these Funds with caution or hold the Funds with the pending litigation as advised by Peter Goodstein, Foreclosure Counsel for Cheboygan County Treasurer.

Motion by Commissioner Sangster, seconded by Commissioner Gouine to accept report and instruct Treasurer to hold funds in the 517 Foreclosure Fund. All roll call vote was taken. Motion carried with 7 yes, 0 no and 0 no.

Administrator Jeff Lawson presented the Jail Addition Change Order: Carport Construction. He stated the original design and bid of the Jail Project included an alternate bid component to construct two carport systems to cover 12 parking spaces for Sheriff Department vehicles. The alternate was not selected at the time to review if the project could be completed by staff. After further review by staff and the architect, it was recommended to approve the change order to have BCI's sub-contractor complete the project. Change orders over \$25,000 require Board approval.

Motion by Commissioner Newman, seconded by Commissioner Bolinger, to approve the Jail Project Change Order for carport systems in the amount of \$36,800 and authorize any necessary budget adjustments and authorize the Chair to sign. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

BOARD MATTERS FOR DISCUSSION – CCE 911 800 MHz Radio System Funding

Administrator Jeff Lawson stated this was continued discussion and gave an overview of the CCE 911 800 MHz Radio System Funding. Estimated expense breakdown by County was given. He stated the estimated expense assumes that CCE 911 will contribute 25% to the base infrastructure expense and that balance would be split 1/3 by each County, which totaled \$900,000. Radio costs would be paid by county funding based at the agency request with each County. The projected Cost for Cheboygan County was \$2,740,000 or 26.6%. Surcharge funding legislation sunsets December 31, 2021. 2012-2017 Surcharge Revenues by County was given, which showed a fluctuation of phones. There would be an additional surcharge required per phone up to a total of \$2.14 for seven (7) years. A chart of estimated cost of bonding alternative on individual taxpayers per year was reviewed. It was estimated if the County uses bonding to pay for the project that it would require a minimum of a four years at .50 depending on the funding percentage breakdown for the project. Radio systems would go to local units such as Fire and Police Departments. Discussion continued on the decision of which way to go, millage or surcharge and restrictions on using the reserve funding. The consensus of the Board was to put this on the agenda for July.

CITIZENS COMMENTS

Carl Muscott citizen of Tuscarora Township commented on the CCE 911 800 MHz Radio System Funding stating there was not a firm signed contract from CCE 911 regarding the contribution of \$900,000, so there wasn't a firm figure to work with for financing. As far as surcharges, when he added minutes to his tracfone, there were no surcharges. Commissioner Sangster stated that he was a one-time surcharge when the tracfone was purchased. Mr. Muscott stated good luck in selling this millage of .50 mills for four (4) years to the taxpayers. He questioned if the moving of monies from the Tax Revolving Fund, would affect the 2018 Budget. Administrator Lawson affirmed that this would not impact the County this year.

BOARD MEMBER COMMENTS

Commissioner Gouine asked to get a detailed report on the total number of building permits from the Building Department compared to the last year.

Commissioner Johnson commented that she has talked to a few of the different townships that she represents and they are in support of the millage. This was in consensus with fire department individuals being there. She felt that there was a very big chance of passing because of the impact that it would make. Just the Solid Waste Management Plan!

Commissioner Wallace commented that he wanted to draw every ones attention to the hand out on Michigan's Proposal to Legalize Recreational Marijuana in 2018 which was on the November ballot. The proposal was to regulate marijuana like alcohol. Also he handed out a SUD Admissions Detail Report for Cheboygan County, which listed the unique consumers; type of treatment service settings and the primary substances of abuse with alcohol being the highest; other opiates/synthetics; marijuana/hashish and heroin.

Motion by Commissioner Sangster seconded by Commissioner Newman to adjourn to the call of the chairperson. Motion carried with 7 yes, 0 no and 0 absent. Meeting adjourned at 11:34 a.m.

Karen L. Brewster
Cheboygan County Clerk/Register

John B. Wallace
Chairperson