

**COUNTY BOARD OF COMMISSIONERS
FINANCE/BUSINESS MEETING
April 10, 2018**

The Finance/Business Meeting of the Cheboygan County Board of Commissioner was called to order in the Commissioners Room by Commissioner 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 Sangster, seconded by Commissioner Bolinger, to approve the agenda moving Item E. Correspondence B. Bay County Resolution supporting “Cormorant Control Act” HB 4429 to Old Business. Motion carried with 7 yes, 0 no and 0 absent.

Motion by Commissioner Sangster, second by Commissioner Gouine, to approve the consent agenda as follows:

- A. Approve Monthly Finance Claims (Finance Total = \$45,149.18; Prepaid Total = \$662,355.58.
- B. Budget Adjustments as follows:
 - 2018 Payroll Inter-budget Transfers
 - 1) From 101-700 to 101-101,101-131,101-136,101-139,101-148,101-202, 101-212,101-215,101-225,101-228,101-229,101-243,101-253,101-265,101-267, 101-301,101-331, 101-333, 101-335, 101-412, 101-648, 101-682, 101-731 and 101-751 Totaling \$15,762
 - 2018 Raise Revenue and Expenditures
 - 1) Fund 101 Total Budget Increase of \$400
 - 2018 Lower Revenue and Expenditures
 - 1) Fund 101 Total Budget Decrease of \$10,617.19
- C. AS400 Replacement Proposal
- D. Fairgrounds Event Agreements
 - A. Cheboygan County Humane Society
 - B. Relay for Life
 - C. Cheboygan County MSU-E
 - D. Cheboygan Conservation District
- E. Correspondence
 - A. Wexford County Resolution Opposing Amendatory Legislation to MI Public Act 93 of 2013
 - B. ~~Bay County Resolution supporting the “Cormorant Control Act” HB 4429~~
 - C. NCCMH Annual Mental Health Needs Annual Submission to MDHHS
 - D. NLEA 2017 Annual Report
 - E. NLEA President’s Report – March 2018
- F. Minutes:
 - 1. Finance/Business Meeting of March 13, 2018, Committee of the Whole Meeting of March 27, 2018

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2. Planning Commission Minutes – 2/21/18 & 3/7/18
3. City Council Minutes – 2/27/18
4. County Road Commission Minutes – 2/1/18, 2/21/18, 2/22/18 & 3/1/18
5. NEMSCA – 3/2/18
6. Fair Board – 1/8/18 & 2/5/18
7. Board Appointments & Procedures – 3/7/18
8. Cheboygan Library – 2/8/18

A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

CITIZENS COMMENTS

Carl Muscott citizen of Tuscarora Township commented that he was a big supporter of volunteers who get involved in any community efforts. Typically, county governments that were looking for people to sit on committees would post an advertisement and seek volunteers, which he knew that the county had done in the past. On the agenda, there was a reappoint for a six (6) year term for the Economic Development Corporation that was reconstituted over a year ago. This committee holds approximately eight or nine meetings over a year's time and was concerned with Ms. Bodnar's attendance. He questioned whether people who have sat on the NLEA Board were going to appointment new members. A letter written to an applicant from Sue Enos was read. He didn't question this person's motives or interest, but there might be a better party of individuals interested in serving on this committee. He also had some issue with the candidate for Planning and Zoning Director being from Colorado State who had no experience with Michigan's Enabling Act; Public Act 91 which dealt with soils and he wasn't sure how they justified his starting salary because this was the same salary amount paid to Scott McNeil after his eight (8) years of employment.

SCHEDULED VISITORS - None

Finance Director's Report

Finance Director James Manko introduced his staff as follows: Diane Ogden, Payroll/Human Resources Specialist, Dawn Wregglesworth, Accountant and Debi Kuczynski (absent), Accounts Payable Clerk. He stated he would like to acknowledge them for their hard work and assistance in the Finance Department. Finance Director James Manko presented the Revenue and Expenditure Report for the General Fund for the month ending January 31, 2018. He reported total year-to-date revenue of \$373,766.23, or 2.37% of the budget, compared to \$474,922.57, or 3.93% of the budget last year at this same time. He reviewed each line item number that was fluctuating greater or less than \$35,000. Mr. Manko reported expenditures year-to-date of \$ 1,070,833.62 or 6.80% of the budget, compared to \$884,861.23 or 7.32%, last year as of the end of January 2017. He reviewed each department that was fluctuating greater or less than \$20,000. He also presented the Revenue and Expenditure Report for the General Fund for the month ending February 28, 2018. Total year-to-date revenue of \$548,005.37, or 3.48% of the budget, compared to \$769,405.14, or 6.36% of the budget last year at this time. He reported the February 2018 year-to-date expenditures at \$1,811,096.07, or 11.50% of the budget compared to \$1,696,826.75, or 14.03%, last year as of the end of February 2017. Mr. Manko stated the Cash Summary by Fund Cash and Investment Report for February 2018 would not be presented as 2017 adjusting entries were still being posted and beginning cash balances could be affected.

Administrator's Report

Administrator Jeff Lawson reported that the staff would be meeting with CCE 911 and legal Counsel on Monday to continue discussion on funding options to implement the technology upgrade to an 800 MHz radio system. The authority's objective was to place language on the ballot in all three (3) Counties to consider an increase in surcharge or millage to fund the project. This would likely require an amendment to the existing agreements between the Counties to include PA 57 (Emergency Services Act) to permit a ballot covering all three (3) Counties.

Administrator Jeff Lawson gave an update on the jail and storage building project stating that the AIA Contracts had been signed by the contractors. A preconstruction meeting with the Jail Expansion contractor was scheduled for next week. Staff would be discussing a project staging area with both contractors. It was expected that the recycling bins would need to be relocated to the Fairgrounds during the project to accommodate space needs and reduce congestion in the construction areas.

Administrator Jeff Lawson gave an update on the Health Department remodeling stating the contractor crews were completing the last component of the Health Department remodel consisting of the construction of a new lab area and two additional office areas. The crews were also completing painting and replacement of flooring in the existing exam room area of the clinic. Contingent on flooring contractor's schedule, it was estimated the completion of the Health Department remodel would be done by mid-June. He stated an evaluation of the lower level of the building would be done for remodeling in 2019.

Administrator Jeff Lawson gave an update on the Animal Shelter stating that the contractor crews were nearing completion of the Isolation Kennel Area and painting of the kennel area. Once these areas were completed, the animals would be relocated and the final remodel of the last kennel section of the building would be bid out for completion. The staff was also currently preparing an RFP for heating and cooling bids to upgrade these systems in the remodel and expansion area.

COMMITTEE REPORTS

Commissioner Newman wanted to place on the record the reasons why the Board of Commissioners made their decision to award the Jail Expansion contract to BCI Construction, Inc. Legal Counsel Bryan Graham stated that Michigan law did not require any municipality to award a bid to the lowest bidder. The law stated the municipality had to find out who was the best and most responsible bidder for the particular project that they were working on. Cheboygan County had a purchase procedures policy and in those procedures they had one regarding competitive bids. This policy recognized that the county was not obligated to award a bid to the lowest bidder. In fact, it specifies various factors that the Board or the County would consider. Michigan Law Also says that officials are presumed to have acted in good faith in awarding bids and Mr. Lawson had articulated this at the last meeting the various factors and objective factors that went into the decision not to award the bid to the lowest bidder. He stated from a legal perspective, he was not worried about this protest letter from Dore and Associates and from a Cheboygan County resident. He felt that the county had acted in good faith and decided on what was the best interest

of the county, following the policy. Administrator Jeff Lawson stated that Dore & Associates did not inspect the property prior to bidding on the project. Upon a telephone call to the company, the company did say they had been in the building in the past, but they had not sent anyone to the structure to inspect it first, in its current condition. Also, their work plan was a kind of a general summary of how they've approached projects in the past and not detail specific to our particular project in writing. The board also felt Pitsch was in the best interest of the county due to their familiarity with the area during their demolition of the Woolworth Building and their knowledge of the shared walls with the adjacent buildings.

Motion by Commissioner Sangster, seconded by Commissioner Gouine to accept the recommendation from the Board of Appointments & Procedures Committee to appoint Paul L. Koszegi to the Waterways Commission for a three (3) year term effective January 1, 2018 through December 31, 2020. Motion carried with 7 yes, 0 no and 0 absent.

Motion by Commissioner Sangster, seconded by Commissioner Johnson to reappoint Dawn Bodnar to the Economic Development Corp/Brownfield for a six (6) year term effective October 1, 2017 and ending September 30, 2023. Motion carried with 7 yes, 0 no and 0 absent.

Motion by Commissioner Sangster, seconded by Commissioner Matelski to appoint Paul E. Blome to the Northern Lakes Economic Development Alliance for a three (3) year term effective January 1, 2018 through December 31, 2020. Motion carried with 7 yes, 0 no and 0 absent.

Commissioner Sangster reported that he was out of town for the NEMCSA Meeting and he was appointed to the Personnel Committee.

Commissioner Johnson reported attending an Airport Authority Board meeting and stated that they should be receiving bids back on the SRE Building by April 12th.

OLD BUSINESS

Commissioner Gouine reported being able to watch these Cormorant ducks in full force and they literally wiped out half of the fish in the Kleber Pond and the fish still haven't grown back to the way that it was. He would like to have a resolution to be presented at the next board meeting in support of taking corrective action similar to the Bay County Resolution supporting the "Cormorant Control Act" HB 4429.

NEW BUSINESS

Equalization Director Elizabeth Zabik presented the 2018 Cheboygan County Equalization Report for approval. The Equalization Department conducts independent appraisal and sales studies each year and projects assessed values for each township and the city. Each township or city was required by law to assess at an acceptable ratio between 49% and 50% of true cash value (market value). The County Board of Commissioners has the authority through the General Property Tax Act to factor assessments up or down to make sure the assessments fall within the accepted ratios. The report consists of columnar figures and

charts showing the assessed values from the individual townships and city, the county equalized values, and the ratio for each class of property by unit.

Motion by Commissioner Gouine seconded by Commissioner Bolinger, to adopt the 2018 Cheboygan County Equalization Report as presented reflecting a County Equalized Value of Real Property Value of \$1,687,589,749, and Personal Property of \$64,024,550 for a total 2018 County Equalized Value of \$1,751,614,299 (Copy of the 2018 County Equalization Report will be on file in the office of the Cheboygan County Clerk/Register). A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Administrator Jeff Lawson presented the Zoning Ordinance Amendment #147 regarding the Definition of Family and Short Term Rentals. He stated on Tuesday, January 9, 2018, staff presented the proposed ordinance relating to Bar and Restaurant uses to the Board of Commissioners. The proposed amendment contained a section changing the definition of Family in order to clarify that an individual was covered under the definition of family and allowed to occupy a dwelling under the zoning ordinance. The definition of "Family" was changed via amendment #143 in order to allow short term rental of all dwellings in the county without requiring a permit and without additional requirements. The current definition of

Motion by Commissioner Sangster, seconded by Commissioner Johnson, to adopt:

CHEBOYGAN COUNTY
Zoning Ordinance Amendment #147

AN ORDINANCE TO AMEND THE CHEBOYGAN COUNTY ZONING
ORDINANCE NO. 200

THE COUNTY OF CHEBOYGAN, STATE OF MICHIGAN ORDAINS:

Section 1. Amendment of Section 2.2.

Section 2.2 of the Cheboygan County Zoning Ordinance No. 200 is hereby amended to add a new definition of "Short term rentals" in its appropriate alphabetical location, which new definition shall read in its entirety as follows:

SHORT TERM RENTALS

The rental or use of a building customarily used as a dwelling for a period of less than thirty (30) days by an individual, by one or more families, or by a group of individuals who are not the legal owners of the dwelling. A short term rental shall not be occupied by the owner of the building during the period of such rental or use.

Section 2. Amendment of Section 2.2.

The definition of Family within Section 2.2 of the Cheboygan County Zoning Ordinance No. 200 is hereby amended to read in its entirety as follows:

FAMILY

An individual, a collective number of individuals related by blood, marriage, adoption, or legally established relationships such as guardianship or foster care, or a collective number of unrelated individuals whose relationship is of a permanent and distinct domestic character who reside in a single dwelling and live as a single housekeeping unit with single culinary facilities. A family, however, shall not include any society, club, fraternity, sorority, association, lodge, or group of individuals, whether related or not, whose association or living arrangement is temporary or resort-seasonal in character or nature.

Section 3. Amendment of Article 3.

Article 3 of the Cheboygan County Zoning Ordinance No. 200 is hereby amended to add a new Section 3.18, which new section shall read in its entirety as follows:

SECTION 3.18 SHORT TERM RENTALS

Short term rentals shall be permitted uses in all zoning districts.

Section 4. Severability.

If any section, clause, or provision of this Ordinance is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, said declaration shall not affect the validity of the remainder of the Ordinance as a whole or any part thereof, other than the part so declared to be unconstitutional or invalid.

Section 5. Effective Date.

This Ordinance shall become effective eight (8) days after being published in a newspaper of general circulation within the County.

A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Drain Commissioner Cam Cavitt presented the U.S. Army Corps of Engineers Section 205 Notice of Intent Letter – Black Lake. He stated that he has been communicating with property owners, lake association members and the owner of the Alverno Dam (BRLP) over the past year concerning the 1964 court designated lake levels assigned to Black Lake and the seasonal high water and flooding that has occurred in the spring over the years. Black Lake property owners/associations have also been communicating with the owner of the Alverno Dam to take measures to try and mitigate high water levels that occur in the spring while adhering to the court order lake levels. A study conducted in 1983 identified that the Smith Rapids located approximately half way between the Alverno Dam and Black Lake restricts the ability of the dam to control lake levels when inflow of water into the lake increases greater than 900 cfs. Both the lake associations and the owners of the dam believe that a new hydraulic study needs to be completed to review the earlier study and review current factors to confirm the impact that the Smith Rapids has on the dam's ability to control lake levels as well as identify best practices within the watershed above the Dam to control lake levels in the future to reduce high water levels and flooding. The Army Corps of Engineers has grant funding under the Small Flood Risk Management Project Program up to \$100,000 per project to complete this type of study. The grant requires that the State or County be the grant administrator and recipient. The dam owner and lake associations have requested that the County apply for the grant and be the grant administrator and recipient to complete the study. He had reviewed this topic as part of his October annual report and is requesting authorization from the Board of Commissioners to submit the notice of intent to the U.S. Army Corps of Engineers.

Motion by Commissioner Sangster, seconded by Commissioner Newman, to authorize the Drain Commissioner to submit a notice of intent to the U.S. Army Corps of Engineers to pursue grant funding under Section 205 to complete an engineering hydraulic study concerning flood control on Black Lake. Motion carried with 7 yes, 0 no and 0 absent.

Administrator Jeff Lawson presented the Director of Planning and Zoning Employment Agreement. He stated the position of Director of Planning and Zoning was advertised by the County on the web based job platforms, Michigan Association of Counties, County web site and in the local paper. The County received 17 applications for the position.

Motion by Commissioner Gouine, seconded by Commissioner Bolinger, to approve an employment agreement with and to appoint Michael C. Turisk as Director of Planning and Zoning and also appoint him as the Zoning Administrator upon beginning employment. A roll call vote was held. Motion carried with 7 yes, 0 no and 0 absent.

Administrator Jeff Lawson presented the County Administrator's Contract Extension. He stated that the Board of Commissioner completed his evaluation performance and directed

legal counsel to draft an extension to the County Administrator's Employment Agreement until July 15, 2020.

Motion by Commissioner Newman, seconded by Commissioner Gouine, to approve the County Administrator's Contract Extension for a two (2) year term until July 15, 2020 and authorize the Chair to sign. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

County Road Commissioner Ken Paquet reported on the Road Millage request. The Cheboygan County Road Commission has requested that a millage renewal be placed on the August 7, 2018 Ballot requesting one (1) mill to provide funds for maintenance, road repair and resurfacing with Cheboygan County. Discussion was held on if the funding ever gets down to the residential roads versus the primary roads.

Motion by Commissioner Newman, seconded by Commissioner Sangster, to adopt:

Resolution #18-02

A RESOLUTION TO APPROVE THE BALLOT LANGUAGE FOR A MILLAGE PROPOSAL TO PROVIDE FUNDS FOR ROAD REPAIR AND RESURFACING WITHIN THE COUNTY AND TO SUBMIT THE PROPOSAL TO THE ELECTORATE AT THE AUGUST 7, 2018 PRIMARY ELECTION

Recitals

- A. Section 20b of the general highway law, being MCL 224.20b, expressly authorizes the Board of Commissioners for the County of Cheboygan to submit to the electorate of the county the question of a tax levy for highway, road and street purposes.
- B. The county electors previously approved 1 mill for these purposes, which expired after the December, 2017 levy.
- C. The Headlee Amendment reduced this millage to .9986 mills.
- D. The Cheboygan County Board of Commissioners, therefore, desires to obtain voter approval to restore the 1 mill to provide funds for the maintenance, repair and resurfacing of roads within the Cities, Villages, and unincorporated areas within the county.
- E. Because a county-wide primary election is scheduled on August 7, 2018, the Cheboygan County Board of Commissioners finds it appropriate to submit this millage proposition to the electorate at this primary election.

Resolution

NOW, THEREFORE, THE CHEBOYGAN COUNTY BOARD OF COMMISSIONERS HEREBY RESOLVES that:

1. The following proposal, the language of which is hereby approved by the Cheboygan County Board of Commissioners and certified to the Cheboygan County Clerk, shall be submitted to the electors of Cheboygan County for a vote at the August 7, 2018 primary election:

**CHEBOYGAN COUNTY
Countywide Road Millage Proposal**

This proposal will permit the County to restore the County's 1 mill for road maintenance, repair and resurfacing previously approved by the electors and now expired. The Headlee Amendment previously reduced this millage to .9986 mills. This ballot proposal renews the existing .9986 mills and restores the .0014 mills previously rolled back by the Headlee Amendment.

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Shall the tax limitation imposed under Article IX, Section 6 of the Michigan Constitution on the amount of ad valorem taxes which may be levied by the County of Cheboygan, State of Michigan, against taxable property in the County be increased by up to 1 mill (\$1.00 per \$1,000 of taxable value) for a period of 4 years, 2018 through 2021, inclusive, for the purpose of providing funds exclusively for the maintenance, repair, and resurfacing of roads in accord with MCL 224.20b within the Cities and Villages and unincorporated areas of the County of Cheboygan, and shall the County of Cheboygan be authorized to levy such millage for these purposes? If approved and levied in its entirety, this millage would raise an estimated \$1,435,522 for Cheboygan County in 2018.

A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Administrator Jeff Lawson presented the Cheboygan County Housing Loan Program Mortgage Discharge H 2003-187-D and Project H 2003-187-ER-D He stated that the County has been notified by the USDA that action was being taken by the USDA to foreclose on property, which also had two Cheboygan County Housing Loans (H 2003-187-D and H 2003-187-ER-D). The County issued two loans in 2003 that were both deferred totaling \$25,092.20. Upon research, the USDA identified that the County was in the first lien position. He stated, typically, the County was in the second lien position on loans. The USDA had identified that they would like the County to release their position and discharge the mortgage to the USDA for \$15,000, so that they could pursue to collect as much as possible on their load balance. The inside condition of the property was not known. The S.E.V. of the property was \$48,800.

Mr. Lawson stated that the County's loan forgiveness policy identifies MSHDA approval was needed when projects were funded by MSHDA Funds. Both loans were funded with MSHDA Grant Funds. MSHDA had identified they were supportive of the County's acceptance if approved by the Board of Commissioners. After discussion with legal Counsel and review by staff, it was estimated the foreclosure process could take up to a year to complete. This was the first known request that the County has been in first lien position with a USDA loan attached to the property. The subject loans were deferred with the County not collecting any payments on the loans since 2003 and not subject to collection from the loan participants. Staff recommends that the Board of Commissioner discharge loans H 2003-187-D and H 2003-187-ER-D and accept the USDA's \$15,000 payment.

Motion by Commissioner Newman, seconded by Commissioner Gouine, to accept the USDA payment of \$15,000; approve the Mortgage Assignment/Discharge for projects H 2003-187-D and H 2003-187-ER-D and authorize the Chair to sign. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

Finance Director James Manko presented the 2018 Wage & Salary Resolution – Non-Union General #17-009 – Amendment #5 reclassifying the Director of Planning and Zoning position. Mr. Manko stated the County has reorganized the Community Development Department into two (2) separate divisions last year; the Planning and Zoning Department and the Building Safety Department. During the reorganization, the Community Development Director Position was reclassified as Director of Planning and Zoning and was incorporated into the 2018 adopted budget. The 2018 Wage and Salary Resolution did not reflect this change, so Amendment #5 would update the positions reclassification accordingly.

Motion by Commissioner Gouine, seconded by Commissioner Newman, to adopt Amendment #5 to the 2018 Wage and Salary Resolution – Non-Union General Employee #17-009 to be effective April 11, 2018 and authorize the Chair to sign. A roll call vote was taken. Motion carried with 7 yes, 0 no and 0 absent.

CITIZENS COMMENTS

Carl Muscott citizen of Tuscarora Township thanked Commissioner Newman for clarifying the award of the bid proposal on the Gold Front Demolition. He commented on the Housing Loan Program Mortgage Discharge with the county coming in as first lien position. The county has a huge issue with the lack of affordable housing and numerous rentals in the City, which are a business venture with owners doing only minimal repairs to keep them safe. Grant Township's Board meeting was being held tonight with a presentation from a renewable energy supplier that was proposing a 365 acre solar farm

BOARD MEMBERS COMMENTS

Commissioner Wallace commented that the Board of Commissioners should mark their calendars for the CCE Central Dispatch 911 Annual Tri -County meeting on Wednesday, May 23, 2018 beginning at Noon to be held at the Headlands Waterfront Event Center.

Motion by Commissioner Wallace, seconded by Commissioner Newman, to adjourn to the call of the Chair. Motion carried with 7 yes, 0 no and 0 absent. Meeting adjourned at 10:40 a.m.

Karen L. Brewster
Cheboygan County Clerk/Register

John B. Wallace
Chairperson