

COUNTY BOARD OF COMMISSIONERS
2018 Budget & “Truth in Taxation” Public Hearing Increasing Property Taxes
FINANCE/BUSINESS MEETING
June 12, 2018

Public hearing opened at 9:00 a.m.

Commissioner Wallace opened the public hearing regarding the ratification of the 2018 Cheboygan County Budget and Truth in Taxation increasing property taxes. Administrator Lawson stated upon review, it was identified during the 2018 Budget process; the posting of the public hearing for the budget was not posted in the newspaper prior to the hearing, which was required by the State. This now required the County to hold a Truth in Taxation public hearing in order to adopt the 2018 general operating millage rate for the County. A proposal, which was outlined in Resolution 18-07, would set the 2018 millage rate at 5.7284 mills. He stated that without the public hearing the County could only set the millage rate at 5.6103 mills and with this projected increase would allow the County to collect an additional \$169,503 by setting the millage rate at the higher amount. The intent during the regular meeting was to take action at the additional millage rate and to ratify and affirm the adoption of the 2018 County Budget with the same figures that was adopted at the December 2017 meeting of the general fund budget totaling \$15,745,453 and a combined total budget of \$38,101,841. Discussion was held on the calculation of the millage rate, general fund budget, based taxation, maximum allowable millage, increase in taxable values and increase in new construction.

Carl Muscott citizen of Tuscarora Township commented that the time for the Public Hearing on the notice was listed as 9:30 a.m. not 9:00 a.m. He didn't know if this satisfied the legal requirement for the notice because it did not have the correct time. He stated he had printed off the 2018, 2017 and 2016 Budgets stating each of the proposed operating millage and he thought that there was a multiplicity of errors here and he would like to see that corrected. Civil Counsel Bryan Graham stated if in fact, the notice did say 9:30 a.m. then the Board could hold this public hearing open until 9:30 a.m. and once the Chair calls the regular meeting to order, he would give the public an opportunity to address the public hearing on the taxation issues. Public hearing was adjourned at 9:17 a.m.

Commissioner Wallace reopened the public hearing at 9:30 a.m. There was no public comment.

Motion by Commissioner Sangster, seconded by Commissioner Johnson to close the public hearing. Motion carried with 7 yes, 0 no and 0 absent.

Commissioner Wallace closed the public hearing regarding the proposed 2018 Cheboygan County Budget & Truth in Taxation increasing property taxes.

Public hearing closed at 9:31 a.m.

The Finance/Business Meeting of the Cheboygan County Board of Commissioner was called to order in the Commissioners Room by Commissioner Wallace at 9:32 a.m.

Roll called and a quorum present.

Finance/Business Meeting – May 8, 2018

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

Absent: None

Break taken at 9:34 a.m.

Commissioner Bolinger excused at 9:49 a.m.

Back in session at 9:50 a.m.

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

Motion by Commissioner Sangster, seconded by Commissioner Gouine, to approve the agenda as presented. Motion carried with 6 yes, 0 no and 1 absent.

Motion by Commissioner Sangster, seconded by Commissioner Newman, to approve the consent agenda as follows:

- A. Approve Monthly Finance Claims (Finance Total = \$214,290; Prepaid Total = \$1,239,054.17.
- B. Budget Adjustments as follows:
2018 Raise Revenue and Expenditures
 1. Fund 101 Total Budget Increase of \$750
- C. Investment Report
- D. Cheboygan County Fair
 1. EUP Antique Equipment Association
 2. Animal Oasis (Mobile Petting Zoo)
- E. BC/BS Inmate Services Contract 2018-2019
- F. State of Michigan FY 2018 Operation Stonegarden Grant Application
- G. Correspondence
 1. NLEA President's Report – May 2018
 2. Allegan County Resolution – Oppose Amendatory Legislation to MI Public Act 93 of 2013
 3. Bay County Resolution – Oppose Amendatory Legislation to MI Public Act 93 of 2013
 4. Kalkaska County Resolution – Oppose Amendatory Legislation to MI Public Act 93 of 2013
 5. Letter from Senator Wayne A. Schmidt RE: HB 6046 State Treasury Proposal of Assessing Reform
 6. Miscellaneous Letters/Correspondence regarding State Treasury Proposal of Assessing Reform
 7. DNR Letter pursuant to Act 451, P.A. 1994 – Black River Marina
- H. Minutes:
 1. Finance/Business Meeting of May 8, 2018, Committee of the Whole Meeting of May 22, 2018, Reconvened Meeting of May 31, 2018 and Planning Session Meeting of April 25, 2018
 2. NEMCOG – 3/15/18 & 4/19/18
 3. Planning Commission – 5/2/18 & 5/16/18
 4. City Council – 4/11/18, 4/24/18 & 5/8/18
 5. County Road Commission – 4/19/18 & 5/3/18
 6. NEMSCA – 5/4/18

7. Fair Board – 4/2/18

A roll call vote was taken. Motion carried with 6 yes, 0 no and 1 absent.

CITIZENS COMMENTS

Carl Muscott citizen of Tuscarora Township commented on the ratification of the 2018 Budget and was concerned with the County spending more than was coming in every year. He stated that this was three (3) years of deficit budgets, which totaled \$2.3 million. All of the citizens were up to a limit on taxation. He would like to see some roll backs on taxation.

SCHEDULED VISITORS/DEPARTMENT REPORTS

Administrator Jeff Lawson introduced Michael Turisk the new Director of Planning & Zoning and Cheboygan County Assistant Prosecutor Melissa Goodrich introduced Paige Miller as the Prosecutor's Intern for the summer.

Finance Director's Report

Finance Director James Manko presented the Revenue and Expenditure Report for the General Fund for the month ending April 30, 2018. He reported total year-to-date revenue of \$1,399,936.83, or 8.89% of the budget, compared to \$1,401,126.57, or 11.53% of the budget last year at this same time. He reviewed each line item number that was fluctuating greater or less than \$15,000. Mr. Manko reported expenditures year-to-date of \$ 3,537,475.78 or 22.47% of the budget, compared to \$3,426,016.11 or 28.23%, last year as of the end of April 2017. He reviewed each department that was fluctuating greater or less than \$13,000. Mr. Manko stated the Cash Summary by Fund Cash totaled \$20,020,271.48 as of April 30, 2018 and a summary of expenses by category was given.

Administrator's Report

Administrator Jeff Lawson reported on the OEM Emergency Operations Plan. The OEM staff in conjunction with the County's Local Planning Team had completed an update to the County's Emergency Operations Basic Plan. The purpose of the plan was to establish policies and procedures that allowed the County to provide a coordinated response to save lives, minimize injuries, protect property, preserve functioning civil government and maintain economic activities essential to survival and recovery from natural disaster and technological hazards. Approval of the plan would be placed on the July 10, 2018 Finance Business Meeting agenda.

Administrator Jeff Lawson reported on the NLEA Broadband Consortium stating 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. The County's fees to participate in the consortium have not been finalized. Preliminary discussions have identified a \$500.00 yearly fee to belong to the consortium. The cost of accessing bandwidth would be identified when the consortium was formed. NLEA has requested partnering Counties to submit a resolution of support for the consortium to provide to the NLEA Board of Directors for their July meeting. NLEA was currently working with Tube Fab/Roman Engineering Co. concerning access to the MERIT Fiber optic line. Discussion was held on the public and

private sector charges and participation. Commissioner Sangster stated that he had attended a NLEA Meeting last week on this same subject. There were a lot of unanswered questions. Discussion held on having someone come in to answer some of these questions.

Administrator Jeff Lawson gave an update on Straits Regional Ride stating Emmet County continues discussion concerning increasing transit service within their County. Straits Regional Ride Staff have been working with Emmet County's committee on route development and cost. If Emmet County decides to increase transit service, this would require a negotiated agreement for service and an amendment to Straits Regional Ride's grant agreement with the State.

Administrator Jeff Lawson gave an update on the Mullett Township Recycling Agreement. Staff attended the June 5, 2018 Mullett Township Board Meeting and presented the information concerning the County's recycling program and Recycling Agreement. The Mullett Township Board indicated they appreciated the information. Staff believes the Township Board would consider the agreement in July. Discussion held on waivers of the cost and if foreclosure of the property when payment was not received.

Administrator Jeff Lawson gave an update on the Jail Project stating there was a project meeting last Thursday and the contractor was continuing with the installation of the cement block and would be pouring the floors shortly. The contractor indicated that they were approximately one (1) week behind, but everything keeps moving forward. He reported as of today the footings and foundation for the storage building were being dug by the contractor.

Administrator Jeff Lawson gave an update on the Humane Society stating that on our project, RFP's were being sent out on the last of the two (2) phases, which would be the final renovation of the oldest portion of the kennel. Staff would move the dogs from that portion into the newer portion. On the garage portion, it was scheduled to have tile installed, but with talking with staff, she would prefer the paint in the hallway on the floor. In the isolation section of the kennel, it has already been painted. The tile contractor was waiting for the floor to cure longer, so that the glue would stick and then there were miscellaneous things to be completed. The fence was ordered for the sector. Staff would calculate the total cost of the project and bring it back to the Board. The Humane Society had indicated that they would like to construct an additional storage building on the animal shelter property on Hackelburg Road. The Humane Society would provide funding for the project. This would require a modification to the agreement with the Humane Society permitting the construction of the building and identifying the building would revert to the County if the agreement expires or was terminated.

Administrator Jeff Lawson reported the Planning Commission continues on developing solar regulations. Draft language was reviewed at their June 6, 2018 meeting and was scheduled to continue at their June 20, 2018 meeting. The regulations provide for three (3) levels of solar developments. Level 1 were small scale systems permitted in all districts with placement of ground mounted solar arrays on structures. Level 2 facilitates permit limited placement of ground mounted solar arrays within all districts to provide power of the building located on the property. Level 3 facilities were large solar farm production sites permitted by special use permit in Agriculture/Forest, Limited areas of Protection Lake and Stream, Commercial and Industrial Districts. Commissioner Wallace questioned the target date of completion. Administrator Lawson stated that it really depends on the discussion from the Planning Commission and he noted that it was a priority issue to the Board. The draft language would have to be completed and looked over by legal counsel; a public hearing

scheduled; and the Planning Commission would have to make their recommendation before bringing it to the Board.

Administrator Jeff Lawson reported on the County Audit. Staff was still working with the auditors to complete the County's audit. The auditors have identified that the Cheboygan County Airport would be listed as a component unit within the audit for the first time this year. This required additional coordination with the airport auditors to receive their audit information to place within the County's Audit. The Auditors were scheduled to present the audit at the Board's June 26, 2018 Committee of the Whole meeting. The audit must be accepted by the Board and submitted to the State by June 30, 2018.

Administrator Jeff Lawson gave an update on the Gold Front Demolition preliminary schedule from the demo contactor between July 1st and July 15th. When more information comes in, it would be passed along to the immediate property owners to the North and South. Discussion was also held with the City of Cheboygan.

COMMITTEE REPORTS

Commissioner Sangster reported attending a NLEA Meeting and all was going well. An exploratory committee was looking at addressing possible housing as there was a demand for housing in the area.

Commissioner Gouine reported attending an Inverness Township Meeting, a Fair Board Meeting Airport Authority Board Meeting and a County Road Commission Meeting. He stated that the Inverness Township Meeting for the next Meijer Meeting was cancelled. Administrator Jeff Lawson explained that Inverness Township asked to postpone the meeting because they had an engineer reviewing numbers that was provided by the City concerning sewer operational costs. The Township was to bring back the numbers for City staff to review. Once those numbers were identified, then the committee could sit back down and discuss in more detail the road to move forward.

Commissioner Matelski reported attending her Township Meetings.

Commissioner Johnson reported attending a Planning Commission Meeting. She suggested that if you see Chuck Freese thank him for all the work that he has put in on the solar array project. One of the issues that came up at the Planning Commission Meeting was enforcement of zoning ordinances and building code issues. Mr. Lawson attended an MTA meeting and discussed the CCE 911 800 MHz Radio System Funding and she thought that it was a good opportunity, but she wondered if the CCE 911 Director should have been the one to address this. It was a good move, but the Administrator has a million other things on his plate. Administrator Lawson stated that he just gave an update of basically what was given in conversation with specifics to the County Board having to make a decision on how this was funded.

Commissioner Wallace reported attending his usual meetings.

OLD BUSINESS – None

NEW BUSINESS

Administrator Lawson presented bids for new floor tile in the Health Department. As part of the remodeling project in the Health Department, bids for new floor tile to be installed in the lobby, kitchen and clinic area were received from Custom Carpets \$26,290 and Bartletts Home Interiors \$27,763.45. The bids were based on the same specifications. Discussion was held on the installation.

Motion by Commissioner Sangster, seconded by Commissioner Newman, to award the bid for new floor tile to Custom Carpets in the amount of \$26,290. A roll call vote was taken. Motion carried with 6 yes, 0 no and 1 absent.

CCE 911 Director Pam Woodbury presented the CCE 911 Dispatch Authority Restated Articles of Incorporation. As part of the 800 MHz Radio project, an amendment to the Interlocal agreement creating the 911 Central Dispatch Authority of Lower Michigan had been complete by the legal counsels of CCE 911 and the Counties. The amendment restates the articles of incorporation to reaffirm the legal basis for incorporation confirm the commonly used name of CCE-911 Central Dispatch Authority, clarify its powers and limitations. There were no changes to the Board make up. This agreement does place new provisions that require CCE-911 to submit their budget to the counties for review by August 31st of each year and requires any increase in the budget for operational or capital projects above the CPI to be approved by the Counties before adoption by CCE-911. The percentage cost each unit would pay for operational cost has not changed. Discussion held on the clarification on the increase in the budget for operational or capital projects above the CPI and the percentage cost of each unit.

Motion by Commissioner Sangster, seconded by Commissioner Newman, to approve the restated Articles of Incorporation of the CCE-911 Central Dispatch Authority and authorize the Chair to sign. A roll call vote was taken. Motion carried with 6 yes, 0 no and 1 absent.

Administrator Jeff Lawson presented the Truth in Taxation Resolution #18-08 Adopt Millage Rate. During the 2018 Budget process, the posting for the public hearing for the budget was not posted in the newspaper prior to the hearing, which eliminates the need for a Truth in Taxation public hearing. In order to adopt the 2018 General Operating Millage rate at the maximum permitted by law, for 2018 which was 5.7284 mills a public hearing was required followed by the adoption of a resolution to set the 2018 General Operating Millage rate. If a public hearing was not held the maximum millage rate that could be set for 2018 would be 5.6103 mills. The proposed resolution authorizes setting the 2018 operating millage rate at 5.7284 mills.

Motion by Commissioner Johnson, seconded by Commissioner Matelski, to adopt the following resolution and authorize the Chairperson to sign.

Resolution #18-08

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

1. For Fiscal Year 2018 the total operating millage rate of 5.7284 mills, which includes an additional rate of 0.1181 mills, shall be levied upon property located within Cheboygan County.

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2. All resolution and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are hereby rescinded.

A roll call vote was taken. Motion carried with 6 yes, 0 no and 1 absent.

Administrator Jeff Lawson presented to Ratify and Affirm the Adoption of the 2018 Budget and Budget Adjustments.

Motion by Commissioner Newman, seconded by Commissioner Wallace, to ratify and affirm the adoption of the County of Cheboygan's 2018 General Fund Budget in the amount of \$15,745,453 and all other fund budgets with a combined total of \$22,356,388 resulting in a Cheboygan County Budget in the amount of \$38,101,841 and all adjustments to the 2018 Budget, retroactive to January 1, 2018. (A copy could be obtained from the County Clerk's Office)

A roll call vote was taken. Motion carried with 6 yes, 0 no and 1 absent.

Administrator Jeff Lawson presented a Purchasing Policy Revision - Sole Vendor Listing #300-2A. It was recommended to add Doyle Inc. Roofing for the County Building roofing material and labor. Doyle Inc. Roofing completed installation of the majority of the County Building's roof in 2012 and was the warranty provider. Doyle would also be completing the roof on the jail addition as a sub to BCI. The County has ordered roofing materials from Doyle and would coordinate labor with Doyle to complete the remaining roof area over the Sheriff's Office during the jail project.

Motion by Commissioner Newman, seconded by Commissioner Johnson, to adopt the revised Purchasing Policy – Sole Vendor Listing #300-21. A roll call vote was taken. Motion carried with 6 yes, 0 no and 1 absent.

Finance Director James Manko presented the Purchasing Policy Revision. He stated that instances have come up since the last revisions, which prompted changes to the policy to include: Updating the Prepaid Check Writing Procedure by Adding Fund 422 - Include payments related to Doris Reid Building capital projects approved by the Board – previously reported as a finance claim over \$25,000; Fund 430 – Include payments related to the Animal Shelter capital projects approved by the Board – previously reported as a finance claim over \$25,000; and Fund 588 – Include payments for bus/capital equipment purchases approved by the Board – previously as a finance claim over \$25,000.

Motion by Commissioner Sangster, seconded by Commissioner Newman, to adopt the revised Prepaid Check Writing Procedure #300-2B to become effective June 12, 2018 and authorize the Chairperson and Administrator to sign. A roll call was taken. Motion carried with 6 yes, 0 no and 1 absent.

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

Administrator Jeff Lawson stated that this was time for discussion on the projected funding to cover the costs of the 800 MHz Radio System. He appreciated the Motorola information and research done by CCE 911 Director Pam Woodbury. He summarized the total radio cost at \$6,700,000; total infrastructure cost at \$3,600,000; and the estimated total project expense of \$10,300,000. Under the infrastructure, this included the need for existing tower upgrades with amplifiers; addition of towers in a couple locations; based towers with an increase of

equipment; and any upgrades needed at the CCE 911 Center. The base infrastructure expense totaled \$3,600,000. The estimated breakdown by County was given assuming the CCE 911 Board's approval of a 20% contribution (\$720,000) to the base infrastructure. Discussion was held on the CCE 911 reserve funding. The Cheboygan County percentage of the total project that needed to be funded would be 27.2% or \$2,800,000, based on the number of radio costs associated with the County. This would make our transaction less. Commissioner Sangster questioned who would own the radios for Cheboygan County. Administrator Lawson stated each unit would hold the repairs and/or replacements. Legal Counsel Bryan Graham stated he would suggest that before turning over the radios to each of the units there would be a written contract. Commissioner Newman asked the CCE 911 Director to update the public regarding why these changes were taking place. Ms. Woodbury stated that it was because of the narrow banding and this was 100% a necessity. Administrator Lawson gave the history of the process. There were a lot of details and the funding mechanisms were being worked on. Commissioner Wallace stated it was a matter of finding the funding. Administrator Lawson presented a couple ways to finance this project, which were either by a phone surcharge or millage. The minimum number of years required to meet the minimum annual payment was given. Also the 2012-2017 surcharge revenue by county was given; estimated cost of bonding alternative on individual taxpayers per year and Motorola's budgetary calculations. Commissioner Sangster stated the importance of this project. Mrs. Woodbury addressed the issues with the phone surcharge. Administrator Lawson stated the County collects a current surcharge of .61 cent, but an additional surcharge of \$2.14 would be required for seven (7) years. This would be a total surcharge of \$2.75 per number of phones per household. A \$3.00 surcharge is the maximum allowed by the State of Michigan. Surcharge funding legislation sunsets December 31, 2021. Assumed, but not guaranteed legislation would be extended or renewed. Staff would like authorization to work with a financial advisor to compare total cost utilizing vendor financing as compared to bonding. Staff would also review the possibility of borrowing a portion from reserves. Additional information would be given at the June 26th meeting. He stated a decision needs to be made so this could be placed on the November ballot. This was information given to ask questions and if more information was needed, staff would have time to put that together. At the meeting in July, the Board needs to make a decision. All three counties need to have their funding sources in place.

CITIZENS COMMENTS

Carl Muscott citizen of Tuscarora Township commented that he appreciated the Board's comments on the 800 MHz Radio Systems project. He stated that he did attend the annual Planning Session Meeting where he advocated for the phone surcharge and then he realized there were a lot of issues. A summarization of the costs was given and he floated out an idea of the County tapping into their reserve fund for at least the infrastructure or possibly the infrastructure plus the cost of the radios. This might be physically possible, because until all three counties get their funding in place, nothing moves ahead. Also this might be more pliable to the citizens of Cheboygan County, rather than hitting them up with another millage.

BOARD MEMBER COMMENTS

Commissioner Newman commented that at next month's meeting this would be narrowed down with the Administrator's recommendation. Administrator Lawson commented that he would report on the mathematics and the Board would make the policy decisions. The options were either a millage change or a phone surcharge.

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Commissioner Matelski commented that the Board of Commissioners needed to promote the CCE 911 800 MHz Radio System and citizens have to understand that this was an important change for their safety.

Commissioner Johnson commented that there was a lot of discussion about CCE 911. She just wanted to bring up the fact that back at the September 26, 2017 COW Meeting, there was a motion and support for a special meeting to discuss the Solid Waste Management Plan with Civil Counsel. There has been discussion since then regarding doing something with the SWMP, but nothing has been scheduled.

Meeting adjourned to the call of the Chair. Motion carried with 6 yes, 0 no and 1 absent. Meeting adjourned at 12:07 P.M.

Karen L. Brewster
Cheboygan County Clerk/Register

John B. Wallace
Chairperson