



Manistee County Board of Commissioners

Manistee County Courthouse • 415 Third Street • Manistee, Michigan 49660

CHAIRPERSON
Jeffrey Dontz
VICE-CHAIRPERSON
Brook Shafer

Margaret Batzer
Mark Bergstrom
Karen Goodman
Pauline Jaquish
Richard Schmidt

CLERK

Jill Nowak
(231) 723-3331

CONTROLLER/ADMINISTRATOR

David A. Kieft, Jr.
(231) 398-3504

COUNTY BOARD OF COMMISSIONERS BUDGET STUDY SESSION

Tuesday, September 11, 2018
8:00 a.m.

Manistee County Courthouse & Government Center
Board of Commissioners Meeting Room

MINUTES

Members Present: Margaret Batzer, Mark Bergstrom, Jeff Dontz,, Karen Goodman, Pauline Jaquish, Richard Schmidt (entered the meeting at 8:30 a.m.) and Brook Shafer.

Members Absent: None

Others Present: David Kieft Jr., County Administrator/Controller; Lisa Sagala, Human Resources Manager/Assistant Administrator; Rachel Nelson, Finance Assistant; Sheriff John O'Hagan; Undersheriff Ken Falk; Russell Pomeroy, County Treasurer; Jim Espvik, 9-1-1 Director; Pat Heins, Circuit Court Administrator; Connie Krusniak, FOC; Cameron Clark, Youth Services Director; Jared Henry, District Court Magistrate; Diedre Robison, Probate Register; Jennifer Berkey, MSU Extension; Dylan Savela, MNA; Jill M Nowak, County Clerk

Called to Order by Chairman Dontz at 8:00 a.m.

Pledge of Allegiance

Roll Call

PUBLIC COMMENT

None.

DISCUSSION AND REVIEW OF A FY 2018/19 WITH DEPARTMENT

HEADS/COURTS/AGENCIES

Board discussion with Department Heads/Court/Agencies who have scheduled a specific time to discuss specific tentative budget appropriations and review of the 2018/19 Budget Study Session #4 Report dated Tuesday, September 11, 2018. (Appendix B)

Jennifer Berkey, MSU Extension, appeared before the Board to request an adjustment (Appendix C) of the MSU Extension budget request for the 2018/19 budget year. During the budgeting process, the MSU Extension line item #101 261.709.002 was reduced by \$832. Ms. Berkey requested \$832 be added to their appropriation for the FY 2018/19 budget year. The Board consensus was to increase the MSU appropriation by \$832.

Sheriff John O'Hagan addressed the County Board concerning staffing issues at the Jail. Sheriff O'Hagan reported that he recently received a resignation from a 20 year veteran Corrections Officer (C.O.). The Jail was tentatively scheduled to hire two (2) Corrections Officers and fill another vacant position already in the budget. Hiring Corrections Officers has been an issue, applicants are very scarce. Sheriff O'Hagan stated that although he needs the positions, he is not sure he can fill now four (4) positions over the next budget year. Not only because of the availability of applicants but also it takes months to appropriately train an employee and time does not allow for training four (4) C.O.'s over a year. Since the budget is so tight, Sheriff O'Hagan reluctantly offered to eliminate one (1) of the proposed new hires. The Sheriff has some ideas on coverage at the Jail such as moving people around using a "floater", a Marine Officer could possibly be used and overtime will be expended. Discussion and thoughts of leaving the now four (4) positions to be filled in the budget in case applicants increase and time allows for the hiring of the extra Corrections Officer took place.

Dave Kieft Jr., Administrator/Controller, stated that the issue becomes functional v financial. It is not possible to train too many new hires even if they were spaced four (4) months apart and therefore one can't spend the money. Mr. Kieft appreciated Sheriff O'Hagan's offer to eliminate one (1) of the new hires to help with budget constraints.

It was a consensus of the Board to eliminate one new hire Corrections Officer from the FY 2018/19 budget.

Diedre Robison, Probate Register, appeared before the Board to discuss a \$2,000 reduction made in the tentative budget for recording services. Ms. Robison explained that this line item is used to pay for substitute court recorders when the official court reporter is on vacation or unavailable. Court hearings have to continue to be scheduled. Mr. Pomeroy, County Treasurer, indicated that the line item was reduced in accordance with past history as expenses have not totaled over \$500 in the last three to four years. It was a consensus of the Board to increase the appropriation for court reporting services to a total of \$1,600.

Ms. Robison also discussed the line item in the Probate Courts budget concerning investigations and evaluations which are required by statute for developmentally disabled and mental health files. The number of files that require investigations is unknown and Ms. Robison was concerned that the line item could run over budget. The Board asked that they be kept abreast of the situation if problems arise being over budget and the appropriation to that line item can be re-addressed if needed.

Discussion concerning the proposed General Appropriations Act Resolution (Appendix A) to be considered at the next County Board meeting was had. Mr. Pomeroy, County Treasurer, stated that using money from every department's contingency fund to fund one department is not appropriate. A Contingency Fund Policy needs to be in place before changes can be made.

Sheriff O'Hagan noted that when it is stated that department contingency funds are being used for Sheriff Department staffing or vehicles, that is not correct. It could just as well be said that the department contingency funds are being used for raises.

Jill Nowak, County Clerk, addressed the Board also concerning the proposed Contingency Fund discussion (Appendix D) where 15% of each Department Contingency Fund was going to be transferred into the General Fund to help balance the FY 2018/19 proposed tentative budget. Ms. Nowak explained that the Contingency Fund in the Clerk's Office has been used towards Imaging and Digitizing court records over the years. That project continues to be ongoing and therefore requested that the money in her Contingency Fund that has accumulated and been budgeted over the years for this purpose, be allowed to be used for that planned purpose. Ms. Nowak also noted that the General Appropriations Act Resolution that has been approved each year by the Board of Commissioners, along with adopting each year's annual budget which already appropriated these monies. Ms. Nowak asked if these past Resolutions and approved budgets can be disregarded concerning the past accumulated monies?

Verbiage in the Resolution for the new budget year was discussed and a draft was distributed. A Contingency Fund Policy will be drafted and reviewed by either the Ways & Means Committee or the Policy Committee. It was therefore recommended that the past contingency funds not be used towards FY 2018/19 budget based on past budget resolutions.

Discussion concerning millage rates and the amount of levy took place. The County Allocated Operating millage will remain at 5.5000 mills, as well as County Library voted millage of 1.0000. Dial a-Ride voted millage will remain at .3300 as will the Council on Aging at .3000 mill and the Conservation District at .1000 mill. Further discussion concerning the Medical Care Facility and 911 millages and if the full amount of the millages needed to be levied.

The Board has concerns about the Medical Care Facility and whether the full amount of the voted millage needed to be levied or not. The Medical Care Maintenance of Effort (MOE) was discussed and what that actually is. Mr. Pomeroy indicated that the MOE is the County's portion of the match for federal funds which is for patient care and the excess monies, according to the millage language, can be used for capital improvements. The fund balance is over \$2.1 million and continues to rise. A plan was asked for over the last few years on what the monies were to be spent on and no plan has been received. It has been discussed that updating needs to be done at the facility and most likely a feasibility Study should be done. However, that is up to the Medical Care Facility Board. The past new Dena wing cost approximately \$2 million. The money that has accumulated is ample to make some improvements. It was asked that Commissioner Jaquish keep the Board abreast of happenings at the facility. It was a consensus that administration from the Medical Care Facility be asked to attend the County Board Meeting on September 18th to answer questions and give an update on their Improvement Plan before the General Appropriations Act Resolution for FY 2018/19 is acted upon.

The Board had concerns about 911 and whether the full amount of the voted millage needed to be levied or not. According to the Auditors, there is a 97% fund equity. The Auditors have also recommended the facility spend down their fund balance and implement an accounting software which is still not completed. \$73,000 was given to the Tribe for new radios as they are an integral part of law enforcement in Manistee County. However, fund balance continues to accumulate. Mr. Pomeroy indicated there is over \$1 million in fund balance, it costs about \$1.5 million to operate 911 annually. It was noted that the viper system is not fully paid for yet as well as the Pro QA dispatch system is not paid for yet. In the past, 911 millage was levied at .8 mill and at one time .7 mill and the fund balance continued to grow or stay level. It was a consensus that Mr. Espvik, 911 Director, be asked to attend the County Board Meeting on September 18th to answer questions before the General Appropriations Act Resolution for FY 2018/19 is acted upon.

Mr. Pomeroy stated that it is the Board of Commissioners' job not to levy millage if the entities don't need it. It is understandable to keep some fund balance for operating and emergencies, but not to keep a huge fund balance. If a millage is not fully levied, it can always be changed the following year.

Mr. Kieft recapped the changes that were discussed so far in the Study Session. MSU Extension, Probate Court, less one C.O., and adding back in the 15% Contingency Fund transfer and the proposed budget now has approximately \$157,000 deficit to be taken from fund balance, if needed.

Meg Batzer asked about the status of the City/County Zoning Services Agreement. In the interim, an hourly rate of \$80 per hour is being charged. Hopefully, the City Council will adopt the agreement on September 17 and the County Board will approve the agreement on September 18th.

Mark Bergstrom reiterated that the only way to build the tax base is to enhance economic development. Even though \$20,000 was appropriated for economic development, Mr. Bergstrom recommends \$90,000 be placed back in the proposed budget for that purpose. It was a consensus of the Board to leave the appropriated \$20,000 in the proposed budget.

Mr. Kieft will make the recommended changes and be prepared for the adoption of the FY 2018/19 budget at the September 18, 2018 County Board Meeting after the Public Hearing. Mr. Kieft indicated that now that he has been through this budget process, he may be trying a different budget process next year. Mr. Kieft thanked Mr. Pomeroy, his Staff, Department Heads and all for their hard work on this budget.

MISCELLANEOUS BOARD MEMBER COMMENT

None.

Adjourn at the Call of the Chair at 10:18 a.m.

Clerk

Manistee County Board of Commissioners



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RESOLUTION #2018-13

MANISTEE COUNTY BOARD OF COMMISSIONERS

COUNTY OF MANISTEE GENERAL APPROPRIATIONS ACT - 2018

A Resolution appropriating monies and adopting the FY 2018/19 Manistee County General Fund budget, and FY 2018/19 Supplemental Fund budgets.

It being the finding and opinion of the Manistee County Board of Commissioners:

The County Board of Commissioners have had under consideration the taxes of local units of government and the budgetary needs of various County departments/budgetary units.

The County Board of Commissioners, after considerable deliberations, has recommended adoption of the FY 2018/19 Budget.

In recognition of the above-listed findings and opinions:

The Manistee County Board of Commissioners hereby resolves to levy, under the General Property Tax Act, the total millage of 8.7300 mills for FY 2018/19 operations. Included in this total millage are:

County Allocated Operating	5.5000
County Library Voted	1.0000
Medical Care Voted	.5000
9-1-1 Voted	1.000✓
Dial-A-Ride Voted	.3300✓
Council on Aging Voted	.3000
Conservation District	.1000✓

The Board further resolves to adopt the FY 2018/19 General Fund Operating Budget at a total of \$11,326,412 and FY 2018/19 Supplemental Fund budgets totaling \$8,475,750.

The Board further resolves to approve all wage increases for FY 2018/19 in accordance with the Union Labor Contracts and various other agreements reached between the Manistee County Board of Commissioners, and the Elected Officials, employees, and Chief Judges of the Circuit, District, and Probate Courts.

The Board further resolves that the FY 2018/19 Budget will follow the philosophy of a line item expenditure control budget for all County Departments and Courts with specific end results with a basic approach as follows:

In the event that a department finishes the fiscal year with non-personnel related funds continuing to be available, one-half of that amount would be set aside into an account specifically dedicated to departmental purchases. (That amount could be used in future years by the department to cover cost overruns. That amount could accrue from year to year to the benefit of the departments. ~~Expenditures from that account could only be made for departmental services, equipment or programs.~~) The other one-half of any annual budget underrun would revert to the General Fund balance for use at the discretion of the County Board of Commissioners. The Board resolves to implement this program subject to modifications which may be required and subject to elimination of the program. ~~after some experience if the plan does not provide the anticipated benefits~~

The Board further resolves that an appropriation is not a mandate to spend but shall limit the amount which may be spent for such purposes as are defined by the Board of Commissioners and which shall be limited to the time period of October 1, 2018 through September 30, 2019. The Board further resolves that any County department, Court, agency, board, commission or unit whatsoever, and any organization, public or private, which accepts a County appropriation, shall do so subject to an agreement which provides for an inspection and/or audit by the Manistee County Board or its designee. The Board or its designee shall have access for the purpose of audit and examination to any and all books, documents, papers and records of the recipient organization. Each funded agency shall also be required to provide the County with its annual budget each year.

The Board further resolves that in the event the State of Michigan fails to provide certain revenue transfer payments as required by State law and/or contractual agreements between the State of Michigan and Manistee County, the specific programs funded by such State revenue transfer payments shall bear the full impact of such revenue reduction. In the event the State of Michigan defaults or otherwise fails to provide general, unrestricted revenue transfer payments, the Board, upon the recommendation of the Ways & Means Committee shall allocate said revenue reduction in its legislative judgment. **The Manistee County Board of Commissioners cannot and will not absorb the program costs created by revenue transfer payment default by the State of Michigan.**

The Board further resolves that the budget may be amended as conditions indicate, provided the budget remains in a balanced state.

The Board further resolves to authorize the Board Chairman and County Clerk to sign the amended form L-4029 which is attached to this resolution, and which lists the millage to be levied on December 1, 2018 and July 1, 2019 totaling 8.7300 mills.

STATE OF MICHIGAN)
)ss.
COUNTY OF MANISTEE)

I, Jill M. Nowak, County Clerk, do hereby certify that the foregoing is a true copy of a Resolution adopted by the Manistee County Board of Commissioners at its regular monthly meeting held on the 18th day of August, 2018 by the following vote:

YEAS:

NAYS:

NOT VOTING:

I further certify that the foregoing Resolution is a true, correct and complete transcript of the original of said Resolution appearing on file and of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the County of Manistee this 18th day of August, 2018.

CLERK OF THE COUNTY COMMISSION
MANISTEE COUNTY, MICHIGAN

Jill M. Nowak, County Clerk

Draft excerpt

In the event that a department finishes the fiscal year with non-personnel related funds continuing to be available, one-half of that amount would be set aside into an account specifically dedicated to departmental purchases following the County Policy and Procedure for Contingency Funds. The other one-half of any annual budget underrun would revert to the General Fund balance for use at the discretion of the County Board of Commissioners. The Board resolves to implement this program subject to modifications which may be required and subject to elimination of the program.

2018/19 BUDGET STUDY SESSION #4 REPORT

Tuesday, September 11, 2018

Tentative Budget approved by the Board of Commissioners on August 28, 2018

TOTAL RECOMMENDED REVENUES (Pages 1 - 34)	=	\$11,065,805
TOTAL RECOMMENDED EXPENSES (Pages 35 - 101)	=	\$11,259,530
Surplus/(Deficit)	=	<u>-----</u> <u>(-\$193,725)</u>

Budget changes made since August 28, 2018:

	<u>REVENUE</u>	<u>EXPENSE</u>
General Fund revenue and expense total presented to the Board on August 28, 2018 =	\$11,065,805	\$11,259,530
1) Contingency Funds added to purchase 2 vehicles for the Sheriff's Office =	\$66,768	
2) .5% Additional Wage Increase =		\$17,382
3) Contract with the City of Manistee for zoning Services =	\$70,000	\$50,000
4) Line item adjustments in the Sheriff's Budget =	(\$10,242)	(\$500)
	<u>\$11,192,331</u>	<u>\$11,326,412</u>
Fund Balance required to balance this Recommended budget =	<u>\$134,081</u>	
	<u>\$11,326,412</u>	<u>\$11,326,412</u>

The adjusted budget is increased \$274,257 or 2.5% from FY 2017/18 budget. Fund balance budgeted is \$133,928 less than the amount budgeted in FY 2017/18.

MICHIGAN STATE UNIVERSITY | **Extension**

Budget Request

To: Manistee Board of Commissioners
David A. Kieft, Jr.

From: Jennifer Berkey, MSU Extension

Date: 9/11/18

As directed by the 2018/19 budget process, please consider this my formal request to adjust the MSU Extension budget request for the 2018/19 budget year.

During the budgeting process, the MSU Extension line item 101.261.709.002 was reduced. I am respectfully requesting that the line item be funded at \$43,459.00. This is only an \$832 increase over last year.

We continue to be a low-cost county department with our budget being lean and only reflecting our basic needs to operate for the year. Our budget over the past seven years has only increased on average 1% per year as we continue to look for efficiencies, cost share with MSU Extension as well as eliminate expenditures we don't need to encumber.

The MSU Extension allocation from the county general fund is only .5% of the total county budget. Our value though within the community and impact we bring to the residents of Manistee County is a tremendous value on your investment. A few months ago I had the pleasure of presenting our annual report and here are a few highlights from our report: 5,258 residents reached, grants and scholarships for 4H youth and local schools, and education on critical issues facing residents on agriculture, health and nutrition, government and public policy as well as youth development.

As a valued partner with Manistee County, I appreciate your consideration of this request.



**MSU EXTENSION
District 3**

*Serving Antrim, Benzie,
Grand Traverse, Kalkaska,
Leelanau, Manistee*

520 West Front Street
Suite A
Traverse City, MI 49684

Phone: 231- 922-4633
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Appendix D

CLERK

Jill M. Nowak

231-723-3331

Fax 231-723-1492

jnowak@manisteecountymi.gov

DATE: September 9, 2018

TO: County Board of Commissioners

FROM: Jill M. Nowak, County Clerk

SUBJECT: Imaging and Digitizing Court Records

As mentioned in a few of the past meetings with regard to Contingency Funds, in 2013, I have implemented an imaging system in the County Clerk's Office that has been ongoing. This project is being completed as funds become available. Ten (10) phases have been completed with four (4) to go. The court records involved in the completed phases are civil cases from 1942 to 1972 and criminal cases from 1942 to 1994.

I have a quote from US Imaging but I haven't executed phases 3A, 3B or 4A, 4B. The reason being, I haven't saved up enough money to do the next phases yet. The next phase scheduled to be completed are phases 3A (\$24,757.87) and 3B (\$6,745.00) = \$31,502.87. This will involve scanning, digitizing and microfilming civil cases from 1972 to 1988. The balance in the County Clerk's Office Contingency Fund is \$19,567.00 which leaves me about \$12,000 short of doing this phase of the project.

The current civil files are being scanned daily and are completed back to 2000. This is being done by my Clerk Staff in their "spare time" over the years. Criminal files still have a ways to go to be back scanned. The concept of this back scanning is to close the gap between the old records and current records, which the next phase of scanning would help that plan.

The benefits of becoming digital not only will put our Courts one step ahead when e-filing goes into effect which is tentatively scheduled for 2020, it also automates work flow between the FOC Office, Court Administration Office and the Prosecutors Office. Staff becomes more efficient, preservation and security of files increase, and it also solves major storage problems and not having to pay for off-site storage. Not to mention the improvement and convenience of customer service which is most important.

With this explanation, I hope to reiterate how important this Contingency fund is to the County Clerk's Office. As you can see, I am not being stingy, but rather working toward the completion of an important project that has been ongoing in my Office since 2013.

A couple other thoughts of removing the 15% from individual department Contingency Funds:

1) This might help the budget this year but what about future years? The legacy costs will still be there.

2) I see the General Appropriations Act Resolution that has been approved each year by the County Board speaks to the philosophy of the line item expenditure control budget for County Departments and Courts with specific end results with a basic approach as follows:

“In the event that a department finished the fiscal year with non-personnel related funds continuing to be available, one-half of that amount would be set aside into an account specifically dedicated to departmental purchases. That amount could be used in future years by the department to cover costs overruns. That amount could accrue from year to year to the benefit of the departments. Expenditures from that account could only be made for departmental services, equipment or programs. The other one-half of any annual budget underrun would revert to the General Fund balance for use at the discretion of the County Board of Commissioners. The Board resolves to implement this program subject to modifications which may be required and subject to elimination of the program after some experience if the plan does not provide the anticipated benefits.”

I think this is very clear as to the intent of the Contingency Funds. This money has been accumulating over the years, approved for the purpose stated above and the General Appropriations Act Resolution has been approved for those past years as well. Can you disregard the past approved Resolutions appropriating monies and adopting each annual budget and take these monies from the past years? (I have copies of those approved General Appropriations Act Resolutions, if needed) Or is this something that should begin for new appropriations at the beginning of the new budget year with the General Appropriations Act for FY 2018/19, the Resolution that you are considering for the new budget year? I believe this needs some thought.

Again, I would like to retain the monies that have accumulated in the County Clerk's Office Contingency Fund as they been set aside for a purpose over the years, as well as have been approved annually by the Manistee County General Appropriations Act Resolutions.

Thank you for your hard work on this budget process, I know it isn't easy, and thank you for your consideration on my request.