

WAYS AND MEANS COMMITTEE MEETING

FRIDAY, SEPTEMBER 16, 2022

9:00 A.M.

MINUTES

MEMBERS PRESENT: Commissioners Blake Mulder, Terrance Augustine, Joseph Brehler, Brian Droscha, Brian Lautzenheiser, Jim Mott and Jeanne Pearl-Wright.

ALSO PRESENT: Commissioner Barbara Rogers; Cindy Miller, Melissa Ballard, Lariza Hansbarger, John Fuentes and Connie Sobie.

The September 16, 2022 regular meeting of the Ways and Means Committee was called to order at 9:00 a.m. by Chairman Mulder.

The Pledge of Allegiance was given by all.

Commissioner Lautzenheiser moved to approve the agenda as presented. Commissioner Droscha seconded. Motion carried unanimously.

Commissioner Pearl-Wright moved to approve the minutes of the August 12, 2022 Ways and Means Committee meeting. Commissioner Lautzenheiser seconded. Motion carried unanimously.

Public Comment:

Cindy Miller, representative from the Eaton Area Senior Center, was present to discuss a request from the Center to provide ARP funding to support losses of over \$145,000 due to inability to fund raise during the pandemic. Ms. Miller discussed the total budget and impact from the pandemic and also discussed efforts by the center to continue operations including a loan of over \$118,000 that needs to be repaid and upcoming fundraising activities.

The positions update was presented and reviewed (attached). Commissioner Augustine moved to refill the vacancies as presented. Commissioner Mott seconded. There was discussion regarding contracting to provide inspection services within the Construction Code Department. This will be a discussion added to the Public Works and Planning Committee Agenda. Motion carried unanimously.

Tim Reed, Wells Fargo Financial Advisor, was present to recommend transferring the County's voluntary deferred compensation program investment fiduciary from One America to The Standard (attached). Mr. Reed provided information on the history of the County's deferred compensation plan and discussed the fiduciary responsibilities. The recommendation is based on reduced fees charged to participants on their investments, improving administrative processes, operational efficiency, and providing enhanced investment selections. This change does not impact the advising services provided by Mr. Reed. Controller Fuentes and his staff met with Mr. Reed and representatives from The Standard to review their services and is also recommending the transfer to the Standard. Mr. Reed also discussed the fee structure. Commissioner Augustine moved to transfer the investment fiduciary management of the County deferred compensation plan from One America to The Standard. Commissioner Lautzenheiser seconded. Motion carried unanimously.

The July Health Insurance Expenditure report was presented (attached). The report indicates an unfavorable variance of (\$665,515) compared to the budget projection for both the County and Health Department. The County's portion is an unfavorable variance of (\$600,552). The County's active employees' unfavorable variance is (\$420,448) and the retirees' unfavorable variance is (\$180,103). The claims are exceeding the annual budget. In prior years, there have been claims that have exceeded the stop loss coverage of \$55,000. It is not anticipated that will occur this year due to the current claims that have remained under the stop loss and will likely not reach stop loss. An update of the cost of COVID-19 costs was presented to show the impact to the plan related to those specific claims totaling over \$405,000 (attached). This is one of the factors that has increased the claims. The Controller noted there will be a request to re-establish the self-insured reserve through a supplemental appropriation from the American Rescue Plan funds based on the COVID-19 medical treatment and costs. Current reserves within the fund are available for the remainder of the current year's unfavorable claims experience.

It was reported, the Controller is evaluating the health insurance renewal. As a result of the COVID analysis and the current health insurance cost trends, the Controller's Office had a detailed review meeting with BCBS on September 15 based on the initial proposal provided to Eaton County. The review noted the "rebound" from COVID-19 where there are claims and procedures delayed from 2020 and 2021. Another factor driving our claims are higher cost prescription drugs for specialty treatment. As a result of all these factors and continuing the stop loss at \$55,000, there was an eleven percent increase in the illustrative BCBS rates. Based on this information, the Controller has requested a proposal increasing the stop loss insurance level to a range up to \$100,000. This would significantly reduce the premium portion of the rate associated with the stop loss insurance, currently estimated to be approximately \$700,000. Further discussion will occur with BCBS and the insurance administrator to evaluate the coverage and provide more analysis, at the next regular meeting.

The current hard caps used to develop the employer rates were discussed, which were set by the Michigan Department of Treasury in March 2022. These caps were increased by 1.3% versus the initial BCBS proposal reflecting an increase in rates of 11%. The hard caps restrict the amount the employer is allowed to pay toward insurance resulting in the increased cost in the employee share. The Controller expressed a concern regarding the pay increases included in the 2022/2023 budget being offset by higher employee health insurance contributions. If the revised renewal proposal discussed previously still results in significant increases it may be recommend the County consider exercising its authority to opt out of the provisions of PA 152. This can be done annually and requires a two-thirds majority of the Board of Commissioners. The increase in the employee cost would be detrimental to the employee population and the recruiting process. The options under PA 152 include utilizing the hard caps, an 80/20 employer/employee contribution and opting out of the provisions of the act. A recommendation would be based on the additional renewal discussions with BCBS.

An update of the Child Care Fund was presented and discussed (attached). Based on the updated projection of revenues and expenditures the estimated fund balance at September 30, 2022 is \$449,955. Based on the projected fund balance, it was recommended the transfers into the Child Care Fund be reduced. Commissioner Augustine moved to reduce the transfers equally between the General Fund and the Juvenile Millage Fund to retain a \$100,000 fund balance in the Child Care Fund. Commissioner Lautzenheiser seconded. Motion carried unanimously.

Mr. Fuentes provided an update to the status of the current Public Improvement projects (attached). The public health and energy project and the security system replacement project for the jail and youth facility are in progress. Commissioner Augustine requested a summary of the last ten years of Public Improvement project expenses for the next Committee meeting. Melissa Ballard indicated the information will be compiled and made available at the next regular meeting.

A request was presented from the Drain Commissioner for the pledge of the County's Full Faith and Credit for the for Cooper, Frost and Reynolds Consolidated Drain Drainage District. Commissioner Brehler moved to recommend approval of full faith and credit for Cooper, Frost and Reynolds Consolidated Drain Drainage District in an amount not to exceed \$4,190,000 to the Board of Commissioners. Commissioner Augustine seconded. Motion carried unanimously.

An update of the American Rescue Plan identified uses and allocations was presented (attached). The Controller noted the request from the Senior Center has been included on the update from information previously by the Center. No action has been taken on that request. Based on the health insurance discussion, it was noted there was \$242,000 allocated to employee testing/safety protocols/PPE and \$140,000 remains unexpended from that allocation. The recommendation is to utilize this \$140,000 and an additional funds from the ARP be allocated to the Health Insurance Fund and the Workers Compensation Fund. The total recommended transfer to the Health Insurance Fund is \$515,000 for current and additional runout of the claims through the end of the fiscal year and \$125,000 to the Worker's Compensation Fund based on current and ongoing workers compensation claims for COVID-19 diagnosis and treatment. The recommendation increases the utilization of ARP funds by \$500,000 for public health and safety and employee protection purposes.

Commissioner Brehler moved to recommend approval to allocate a total of \$640,000 from the ARP funds to the Health Insurance and Workers Compensation funds as a budget amendment to the Board of Commissioners, as presented. Commissioner Augustine seconded. Motion carried unanimously.

Controller Fuentes reviewed the list of unallocated ARP funds which include the reopening of contractual negotiations for the Sheriff Office contracts, the Treasurer request for a foreclosure prevention program, Health Department for infrastructure funding, Drain Commissioner for a specific drain project, Resolution Services which was not recommended by the courts and the Senior Center request. An update of the broadband project was provided. The ARP funds were used to complete a broadband survey only and any additional broadband efforts could be done through the unallocated funds. The County released an RFP for projects without any funding commitments with responses due in November. The state has initiated programs that may be used for future projects. The federal Capital Projects Fund is currently allocated by the State and could be used as part of a proposal with a provider for broadband services.

Budget amendments were presented and discussed (attached). The ARP amendment was approved in a prior motion. The other proposal is to reallocate surplus reserve funds between the self-insurance funds within the Dental and Unemployment funds to the Retiree Health Insurance fund base on claims activity. Commissioner Brehler moved to recommend approval of the 2021/22 budget amendments to the Board of Commissioners, as presented. Commissioner Augustine seconded. Motion carried unanimously.

A list of the upcoming term expirations for the appointments for the Historical Commission, Building Authority and Land Bank Authority was presented (attached). Mr. Fuentes indicated a public service announcement for the vacancies has been advertised and published to solicit interested candidates.

Commissioner Lautzenheiser moved to recommend approval of the payment of the claims against the County in the amount of \$390,840.89 and immediate claims in the amount of \$14,186,967.34 to the Board of Commissioners, as presented. Commissioner Droscha seconded. Discussion held. Motion carried unanimously.

The proposed budget detail was presented for review (attached). There are no changes from the budget presented at the public hearing held on September 13, 2022. The total proposed General Fund budget is \$45,400,572 and total Special Revenue Funds is \$27,311,669 and Debt Service \$6,299,503. The resolution includes the position allocation list by department and operations.

Commissioner Lautzenheiser moved to recommend approval of the 2022/2023 budget, to the Board of Commissioners, as presented. Commissioner Augustine seconded. Motion carried unanimously.

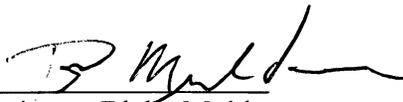
Public Comment:

Lariza Hansbarger questioned what happens to money from positions not filled and where has all the money gone or where has it been used? Chairman Mulder emphasized public comment is not the forum for responses to comments made, however indicated there is a factor included in the budget for future years that takes into consider those unspent fund and asked Controller Fuentes to provide an explanation of how unexpended budget funds are included in the County's budget model.

Mr. Fuentes indicated there was one item under miscellaneous for a grant resolution to continue the Westside Residential Alternative to Prison (WRAP) program through September 30, 2023 with a renewal contract with the State Department of Corrections. Commissioner Pearl-Wright moved to recommend approval of the renewal of the WRAP program through September 30, 2023 to the Board of Commissioners. Commissioner Augustine seconded. Motion carried unanimously.

Chairperson Mulder adjourned the meeting at 10:25 a.m.

The next regular meeting of the Way and Means Committee will be held on October 14, 2022, at 9:00 a.m. in the Board of Commissioners Room at the County Courthouse located at 1045 Independence Blvd., Charlotte, MI 48813.


Chairman Blake Mulder