

THE BENZIE COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
August 22, 2019

The Benzie County Board of Commissioners met in a special session on Thursday, August 22, 2019, in the Frank F. Walterhouse Board Room, 448 Court Place, Government Center, Beulah, Michigan.

The meeting was called to order by Chair Gary Sauer.

Present were: Commissioners Farrell, Jeannot, Nye, Roelofs, Sauer, Taylor and Warsecke

The invocation was given by Commissioner Sauer and the Pledge of Allegiance was recited.

Agenda:

Motion by Roelofs, seconded by Warsecke, to approve the agenda as presented. Ayes: Farrell, Jeannot, Nye, Roelofs, Sauer, Taylor and Warsecke Nays: None Motion carried.

11: 02 a.m. Public Input – None

2019-20 Budget Discussions with Power Point

FY 2018-19 budget was approved at \$6,587,800 and amended to \$6,903,590 with the use of General Fund balance of \$296,443. As of 9/30/2018 the fund balance was \$1,947,626; administration anticipates a decline in the 9/30/2019 General Fund balance.

Review of the Municipal Analytics Report – without any overhaul of the system, we will continue to see a decline in the GF fund balance over the next five fiscal years.

So where are we at?

- We are approximately \$93,000 over budget.
- Requested new positions and benefits were not included in the proposed budget.
- As of 8/21/2019, the GF budget is \$223,256 over budget.
- We are increasing operating revenue as compared to last year by \$43,243 and are decreasing expenditures as compared to last year by \$41,372.
- Departments are doing an exemplary job controlling expenses where they have control.
- Revenue is again the issue. We are spending at least \$296,443 more than budgeted in the current fiscal year and we have lost \$187,000 in revenue due to the tax foreclosure lawsuit in the proposed fiscal year.

What have we learned?

- We need to create a realistic budget based upon the services that are provided to the public.
- Some mandated appropriations are difficult to predict.
- Do not count on tax foreclosure revenue in the future.
- Worst case scenario would be to budget at least \$50,000 from the tax foreclosure fund.
- Some Departments were able to cut some of their budgets this year to help out.

Options:

- Use some or all of fund balance to balance the general fund budget
- Reduce eligible costs across the board
- We could eliminate services

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- MSUE
 - B/L Health Dept
 - Eliminate all training
 - Economic Development
 - Eliminate Planning Commission
 - Eliminate Parks and Recreation
- Increase Administrative Fees.
- Charge Central Dispatch Rent
- Reduce Jail Appropriations
- Reduce Sheriff OT
- Increase DHHS Rent
- Employee pay percentage of monthly health insurance premium
- Increase opt out for health insurance, if we could get more employees to opt out
- Reduce or eliminate contract attorney's cost in Circuit and District Courts
- Reduce or eliminate road patrol (would need to result in loss of position)

Health Insurance:

- Incorporated into the FY 19/20 budget are the following changes:
 - Maintained current health insurance plan (Blue Care Network)
 - County still buying down HRA to \$1,000 (no change)
 - Returning Prescription to BCN plan (eliminating EHIM contract)
 - Projected total savings 4.24% as compared to FY 18/19 (\$42,576)

Where do we go from here?

- We did not get into this financial situation in one year, we are not going to get out of it in one year.
- Keep focused on Municipal Analytics recommendations.
- Look at a balanced approach – some funds can come from general fund balance, but additional appropriation reductions also need to be found.
- Increase revenue where possible.
- We cannot lose focus on the real issue – revenue. Revenue is not keeping pace with expenditures. We need to place a Headlee Override vote in front of the general public in either November 2020 or Spring 2021.
- This could require the County to spend funds to hire a professional to assist.

Potential Long-Term Financial Plan:

- Address MERS Benefits 2019 (union contracts)
- Create an Employee Health Insurance Team to evaluate options in fall 2019-early 2020, for recommendations to the FY 20/21 budget.
- Balance the FY 19-20 budget with a combination of increased revenue (fees, rent, etc) reduce appropriations and use general fund balance.
- Pass a motion to direct staff to start the process of placing a Headlee Override vote on the November 2020 or Spring 2021 ballot.

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- Research and hire a consulting firm that specializes in working with municipalities on Headlee Override votes, educating the public on the need for the Headlee Override. If BOC agrees, we need to budget funds.
- If voters do not support Headlee Override, there is still time to reduce services prior to general fund balance being eliminated.

26 of 83 counties have tried an override; 12 of the 26 that attempted, only 3 were successful.

As of yesterday, August 21, we had a gap of \$223,256 in balancing this budget.

Comm Nye would like to know if there is any wiggle room in Health Dept and Mental Health.

Comm Warsecke stated that if we have a plan in place to address this before a vote, we need to move forward.

Comm Sauer says you need to see if you can take part of Planning Commission, Parks & Rec or EDC.

Comm Jeannot says you will need to cut the EDC budget.

Mitch stated that we will need some type of broadband commitment.

Comm Sauer stated that he has no problem eliminating Planning Commission, we can always bring it back. We could facilitate a Summit with help from the townships.

Comm Jeannot suggested:

- Suspending the Planning Commission, not eliminate it then we will not have to reorganize
- Revisit administrative fees – with Susan to assess on the same basis across the board; she said it needs to be discussed on how it will be done – what procedure will be followed.
- Need to come up with some dollar amount for DHHS.
- Also rent for Central Dispatch

12:40 p.m. Break

12:46 p.m. Reconvene

Running total: \$20,000 EDC; \$9,850 P/C Suspension; \$7,650 rent from 911; \$4,000 CMH; \$500 VA Admin fee; \$42,000 Admin fees.

Comm Warsecke would like to explore Central Services – state pricing for supplies.

All Commissioners agree they need to see the list of non-mandated services.

Comm Jeannot would like to explore employee cost share on health benefits; others do not agree.

When making the non-mandated list, the commission would like to see the correlating cost of same and what was budgeted last year.

Comm Roelofs stated that he feels our budget talks need to start October 2 and go all year long. He won't support a budget until it is true to the dollar.

1:23 p.m. Public Input – None

Motion by Warsecke, seconded by Roelofs, to adjourn at 1:23 p.m. Ayes: Farrell, Jeannot, Nye, Roelofs, Sauer, Taylor and Warsecke Nays: None Motion carried.