FINANCE COMMITTEE
May 6, 2020
Minutes

Members Present: Morgan, Grebner, Crenshaw, Polsdofer, Schafer, Tennis, and Maiville.

Members Absent: None.

Others Present: Jared Cypher, Michael Townsend, Teri Morton, Patrick Lindemann, Paul Pratt, Deb Fett, Bill Conklin, Elizabeth Noel, Michael Tanis, and others.

The meeting was called to order by Chairperson Morgan at 6:30 p.m. virtually via Zoom in accordance with the Governor’s Executive Order 2020-48 regarding the Open Meetings Act.

Approval of March 4, 2020 Minutes

MOVED BY COMM. CRENSHAW, SUPPORTED BY COMM. MAIVILLE, TO APPROVE THE MINUTES OF THE MARCH 4, 2020 FINANCE COMMITTEE MEETING.

THE MOTION CARRIED UNANIMOUSLY.

Additions to the Agenda

Substitutes –
1. Drain Commissioner – Resolution Pledging Full Faith and Credit to Nemoka Drain Drainage District Bonds

11. Controller/Administrator’s Office
   b. Resolution Authorizing Adjustments to the 2020 Ingham County Budget

11. Controller/Administrator’s Office
   d. Discussion Item – Update on 2020 and 2021 Budget Projections

Limited Public Comment

None.

MOVED BY COMM. MAIVILLE, SUPPORTED BY COMM. TENNIS, TO APPROVE A CONSENT AGENDA CONSISTING OF THE FOLLOWING ACTION ITEMS:

2. Treasurer – Resolution Authorizing a Transfer from the Ingham County Delinquent Tax Revolving Fund to the Ingham County General Fund to Support the Greater Lansing Food Bank
3. **Parks Department** – Resolution to Authorize an Amendment to the Contract with Johnson Sign Company for Wayfinding Sign Installation

4. **Veterans Affairs** – Resolution to Authorize the Ingham County Department of Veteran Affairs to Accept a 2020 County Veteran Service Grant in the Amount of $102,074.07

5. **Health Department** – Resolution to Authorize an Amendment to the Contract with the Ionia County Health Department for Medical Direction and Program Consultant

6. **Health Services Millage** – Resolution Authorizing a Contract Extension with MaLannoye Consulting, LLC to Review Member Eligibility and Expenses Relative to the Health Services Millage Contracts with Ingham Health Plan Corporation

7. **Innovation & Technology Department** – Resolution to Approve the Support Purchase of Video Server Hardware through Avalon Technologies

8. **Purchasing Department** – Resolution to Approve the Disposal of County-Owned Surplus Property

9. **Public Defender’s Office** – Resolution to Convert a Senior Assistant Public Defender to a Deputy Chief Public Defender

10. **Road Department**
    a. Resolution Authorizing the Purchase of 2020 Seasonal Requirement of Hot Mix Asphalt (HMA) Mixtures for the Ingham County Road Department
    b. Resolution to Approve Agreements Between Ingham County and the City of Leslie, City of Mason, City of Williamston and the Village of Webberville for the 2020 Pavement Marking Program
    c. Resolution to Approve a First Party Agreement Between Ingham County and Hoffman Bros., Inc. and a Second Party Agreement Between Ingham County and Michigan State University for Bid Packet #54-20 Meridian Road from Howell Road to Linn Road Beaumont Road from Bennett Road to Mt Hope Road Forest Road from Farm Lane to Beaumont Road
    d. Resolution to Authorize an Engineering Design Services Contract for the Okemos Road Bridge Project with Fishbeck

11. **Controller/Administrator’s Office**
    a. Resolution to Amend the Economic Development Service Contract with Lansing Economic Area Partnership (LEAP)

THE MOTION CARRIED UNANIMOUSLY.

THE MOTION TO APPROVE THE ITEMS ON THE CONSENT AGENDA CARRIED UNANIMOUSLY.
1. **Drain Commissioner** – Resolution Pledging Full Faith and Credit to Nemoka Drain Drainage District Bonds

MOVED BY COMM. POLSDOFER, SUPPORTED BY COMM. TENNIS, TO APPROVE THE RESOLUTION.

Commissioner Polsdofer stated that this was an important project for Meridian Township and it also coordinated well with the millage that was passed last year. He further stated that, for the project moving forward, it would be coordinated around the road and sidewalk work in the surrounding neighborhoods at the same time, and so it would be doing a lot to revitalize and fix the area by consolidating the work.

Commissioner Polsdofer stated that he would encourage the Commissioners to support the project.

Commissioner Crenshaw stated that he saw in the packet a significant increase in cost by the Full Faith and Credit request. He asked Patrick Lindemann, County Drain Commissioner, to explain the reasoning for the increased cost.

Mr. Lindemann stated that he did not know if the project was higher than it was supposed to be. He asked Commissioner Crenshaw how it was overpriced.

Commissioner Crenshaw stated that the original resolution that came before the Commissioners had a cost of $8,000,000 and now it was $9,500,000.

Mr. Lindemann stated that the $1,500,000 was money from Meridian Township for the road and sidewalk work, not for the drain project.

Commissioner Crenshaw asked if the Commissioners were pledging the County’s Full Faith and Credit for the entire amount.

Mr. Lindemann stated that he was correct. He further stated that his department was building sidewalks and paving all of the roads in the neighborhood for the Road Department.

Mr. Lindemann stated that the road and sidewalk work was not being funded from the drain project, but that it was being funded by Meridian Township. He further stated that his department would be borrowing the money and put it on the same 20-year bond plan that the drain project used.

Commissioner Crenshaw asked what would happen if Meridian Township did not pay the extra amount, and whether Ingham County was on the hook for that.

Mr. Lindemann stated that Meridian Township had pledged to pay for the new roads and sidewalks.

Commissioner Crenshaw stated that he knew that, but he wondered what happened if Meridian Township had a financial situation and could not pay.
Mr. Lindemann stated that Meridian Township had a millage passed last year for the roads, so their funds would be coming out of that millage.

Commissioner Polsdofer stated that it was a 10-year millage.

Mr. Lindemann stated that he was correct.

Commissioner Crenshaw asked if the amount was coming out of Meridian Township’s existing millage dollars.

Mr. Lindemann stated yes. He further stated that it was being coordinated with the drain project.

Mr. Lindemann stated that for his department to go into the neighborhood and fix the drains, and then for Meridian Township to fix the roads and sidewalks at the same time would be silly. He further stated that it would cost less money if both his department and Meridian Township did it together, so his department had usually tied together similar projects.

Mr. Lindemann stated that it was Meridian Township’s desire to have new roads throughout the project, and the Commissioners should have received a letter from them concurring with his department. He further stated that the Commissioners should also have a similar letter from the Road Department.

Chairperson Morgan stated that the letter the Commissioners received today and the amended resolution mentioned a change in assessments as being previously reported an increase of $1,500,000. He asked if that was not the case.

Mr. Lindemann stated that the $1,500,000 was for the roads and sidewalks, and did not have anything to do with the drains. He further stated that his department was going to rip the street up to put the drains in the street and coordinate re-plumbing the neighborhood.

Mr. Lindemann stated that while doing that, his department would not be ripping up all of the road, so Meridian Township wanted the rest of the road paved. He further stated that Meridian Township wanted his department to install brand new sidewalks.

Commissioner Grebner stated that he thought that Meridian Township was probably signing some sort of commitment to cover those costs, so it would be enforceable. He asked Paul Pratt, Deputy Commissioner, to speak to this.

Mr. Pratt stated that Commissioner Grebner was correct. He further stated that the commitment was not signed yet by Meridian Township, but it would be soon. He further stated that he did not know until quite recently that the $1,500,000 was coming out of the Meridian Township millage, but his department would make sure that the details were sound.

Mr. Pratt stated that, on top of that, the plan of the Drain Commissioner currently was to assess 10 percent of the drain project to Meridian Township at-large, and as such, the township would be required to file as an additional bond a Guarantee of Continuing Disclosures, so that the bond
holders and his department get advanced notice if there was a reason the township went belly-up financially.

Commissioner Grebner stated that sometimes the County promised to cover some costs, but this was a binding commitment that would enforceable by law. He further stated that surely Meridian Township was solvent enough with their $4,000,000,000 worth of real estate, the County would collect their money back.

Commissioner Grebner stated that it would be a formal condition that money would not be spent on Meridian Township’s behalf until the County had that binding commitment that was enforceable by law. He further stated that although he was not a fan of the Lansing Regional Chamber of Commerce (LRCC), if people took the time to lobby the Board of Commissioners, the Commissioners at least ought to respond.

Commissioner Grebner stated that the Board of Commissioners did not have the ability to block a project like this or to defer it. He further stated that it was because the Drain Code was under the control of the Drain Commissioner, and because the Drain Commissioner had spent a substantial amount of money, the department would go ahead with the project.

Commissioner Grebner stated that the only thing the Board of Commissioners were being asked to do was pledge the Full Faith and Credit against their bonds. He further stated that the Commissioners could refuse to pledge Full Faith and Credit, but that would only increase costs because the project could not be stopped.

Commissioner Grebner stated that the County was rated so that they could sell their bonds in a normal market because counties borrow money all the time. He further stated that people who buy and sell bonds treat the County as normal players in the market.

Commissioner Grebner stated that if the Nemoka Drain issued bonds, no person would buy them except for a particular person, and so instead of having a 1.5 percent interest rate, the rate would be 3 percent. He further stated that the difference between a 1.5 percent interest rate and a 3 percent interest rate over the 20-year bond would be a couple hundred thousand dollars a year in additional costs.

Commissioner Grebner stated that he thought what the real focus was whether this Drainage District was financially sound. He further stated that the Drain Commissioner’s Office agreed with him that they have included a paragraph that said his department had looked at this and the County was not on the hook.

Commissioner Grebner stated that it was surprising the percentage of the value of the Drainage District would go to pay for these bonds, and that the bonds were a pretty substantial fraction of the value of the property. He further stated that 10 or 20 percent of the value of all the properties in that district were being collected in taxes for assessments for these bonds, so these bonds must be important to those people.
Commissioner Polsdorfer stated that a point was raised earlier about whether or not Meridian Township would be able to cover the costs, and so he wanted to highlight that the first of the 10 years of this millage were already public and committed to spending $4,000,000 on assorted projects. He further stated that the County was well-underway and there was no fear that the township would default.

Commissioner Maiville stated that he pulled this agenda item at the County Services Committee last night to address the LRCC’s concerns. He further stated that while he could not speak directly for Commissioner Stivers, but she was from Meridian Township and was in favor for and in need of this project. He further stated that the Board of Commissioners and the Drain Commissioner should draft a response to the LRCC about why the County would proceed.

Commissioner Maiville stated that, to reiterate Commissioner Grebner, even if the Commissioners did not back the project, the Drain Commissioner could go ahead and continue the project at a higher cost, not only for the bonds but also for the work itself.

Mr. Lindemann stated that his department would be having a conference call with the LRCC tomorrow, and that they were supposed to meet on Monday, but for some reason it did not work out. He further stated the letter the LRCC wrote was based on faulty information on their part because they did not understand the complexity of these projects.

Mr. Lindemann stated that his department would more than likely send something in writing to the LRCC after their meeting tomorrow.

Commissioner Grebner stated that he wanted to clarify that this was not whether the Drain Commissioner could go ahead with the project, but that the Drain Commissioner was going ahead with the project because he had already spent a lot of money on this project. He further stated that once the Drain Commissioner in any County had gotten this far, the project was a go.

Commissioner Maiville stated that he would assume that the Drain Commissioner could confirm that this project was started by a petition from the residents and he probably had several public meetings. He asked if Mr. Lindemann could comment on the feedback from the public meetings.

Mr. Lindemann stated that his department had a public meeting on Tuesday from 9:00 a.m. to 5:00 p.m., and only 6 people called into it. He further stated that this petition started because of flooding in basements, including 8 houses that had black mold, which was a health hazard.

Mr. Lindemann stated that a lot of the houses dated back to the 1920s, and the roads were dilapidated. He further stated that a lot of the piping underneath the streets for storm water collection had collapsed and that there were not any detention values.

Mr. Lindemann stated that one of the reasons this project was higher in price than most projects was that his department had to buy all of the houses in the lower area were built many years ago and had bad soils. He further stated that because his department was in the lower areas, they had to knock the houses down and put in retention and detention values, and if his department did not
do that, the project would cost a third more because the cost of the piping to handle that volume of water would have cost more.

Mr. Lindemann stated that now his department could reduce the size of the pipes by putting water in the holes of where the houses used to exist. He further stated that there were over 10 properties that his department purchased, which have already been knocked down, and so now his department needed to dig the holes and organize a collection system.

Mr. Lindemann stated that this was a very old system and was one of the first neighborhoods around Lake Lansing. He further stated that the wish to do this came from the neighbors, and his department had worked with Meridian Township on the different types of infrastructure that needed to be replaced.

Mr. Lindemann stated that his understanding was that Consumers Energy was going to come in and do some work on their gas lines, so this neighborhood will receive all new infrastructure. He further stated that it was a modest neighborhood, and they would be paying a portion of the assessment.

Commissioner Grebner stated that the Drain Commissioner had pointed out that he had already spent a lot of money, and had bought properties and knocked them down. He further stated that his department had to pay for those one way or the other.

Commissioner Grebner stated that the County was benefiting themselves a little bit because some fraction of this was assessed to the General Fund of the County and to the Road Department through the drain tax at-large. He asked Mr. Lindemann what the County’s fraction of the total project.

Mr. Lindemann stated that the County’s fraction was around 25 percent.

Commissioner Grebner stated that so if the County forced the Drainage District to sell notes at a higher cost, the County would be on the hook for $50,000 a year for extra interest cost that will be paid because the County had not used their good credit to borrow the money.

Mr. Lindemann stated that he was correct.

Commissioner Schafer asked Mr. Lindemann when he met with the LRCC, if he would include a brief summary of the project in his rights and include the Board of Commissioners in his response.

Mr. Lindemann stated yes.

Commissioner Schafer stated that it made sense to include the Board of Commissioners and also the fact that there was a Board of Determination, and that the Commissioners were simply pledging Full Faith and Credit.
Mr. Lindemann stated yes. He further stated that he did not know what the LRCC would ask for, but he submit documents that show the process that his department had to go through to get these infrastructure projects moving, and so he would copy the Board of Commissioners in his response to them.

THE MOTION TO APPROVE THE RESOLUTION CARRIED. **Yea**s: Tennis, Grebner, Polsdofer, Schafer and Maiville **Nay**s: Morgan, Crenshaw

11. **Controller/Administrator’s Office**
   b. Resolution Authorizing Adjustments to the 2020 Ingham County Budget

MOVED BY COMM. CRENSHAW, SUPPORTED BY COMM. TENNIS, TO APPROVE THE RESOLUTION.

Commissioner Grebner stated that he thought the most interesting set of numbers had to do with the trails, that between $8,000,000 and $9,000,000 totaling $17,000,000, and he was pleased to say that the County actually allocated more money than they have, which made him feel really good to say. He further stated that the County was beginning to spend down the balance, and had allocated so much that if the County had built all of the projects and had the projects all paid for this year, the County would run out of money.

Commissioner Grebner stated that half of the projects funded have now collapsed because of COVID-19, and so the whole thing was a mess. He further stated that it was neat to think that the County was beginning to move in the direction of paying down their balance rather than having to pile up.

THE MOTION TO APPROVE THE RESOLUTION CARRIED UNANIMOUSLY.

11. **Controller/Administrator’s Office**
   c. Resolution Updating Various Fees for County Services (*Discussion*)

Chairperson Morgan asked Michael Townsend, Deputy Controller, if he could give a quick overview if able.

Mr. Townsend stated that it was a standard review of County fees that was done every year. He further stated that the Controller’s Office looked at the fees, then made recommendations to all of the various departments, and then the department’s state whether they were in agreement or not. He further stated that this was the result of this years’ review.

Mr. Townsend stated that a lot of the departments at this point in time were hesitant for various reasons, and those were all included. He further stated that it was a standard fee increase that was done.

Commissioner Maiville stated that last night at the County Services Committee meeting, it was mentioned that the Potter Park Zoo had requested to hold-off on increased fees, and it seemed to have a good reception from the Commissioners.
Commissioner Crenshaw stated that he saw that there was an actual resolution in the packet. He stated that knew that other committees had looked at this packet in their respective committees. He asked if this was something that the Finance Committee could take action on tonight, or wait until the next round of meetings.

Mr. Townsend stated that the packet goes through discussion at the committee meetings, and then would be put on the agenda on the next round of meetings.

Discussion.

Chairperson Morgan stated that it would be his preference that the other committees sign-off on their areas first, and then the Finance Committee would be the last stop.

Commissioner Crenshaw stated that he was in agreement.

11. Controller/Administrator’s Office
   d. Discussion Item – Update on 2020 and 2021 Budget Projections

Mr. Townsend stated that he believed that all of the Commissioners received the document that gave a forecast of the Controller’s Office’s position based on the County’s conditions at this time, which were changing quite frequently depending on the length of the COVID-19 crisis. He further stated that the document laid out that in 2020, the County’s current budget was forecast additional use of fund balance of almost $3,000,000, and feel confident that the use of fund balance that was not used in previous years could be covered so that there was not an issue in 2020.

Mr. Townsend stated that the document also predicted the projection for 2021, which would be a problematic year in terms of budget concerns, and the projection looked like the County would have an unbalance of $9,400,000. He further stated that the Controller’s Office was monitoring that and would look at balancing that budget using the minimal amount of fund balance projected.

Commissioner Tennis stated that to his recollection, most of the lost revenue seemed to be coming out of departmental fees. He asked Mr. Townsend to give a breakdown of where some of the hotspots were as most departments were seeing zero customers.

Teri Morton, Deputy Controller, stated that this was a projection that she put together so she could go into that. She further stated that the Controller’s Office did not have a good idea of exactly what was going to happen, so they took some assumptions that fees would decrease about 25 percent for their 2020 projection.

Ms. Morton stated that Commissioner Tennis had asked about governmental fees at the Caucus meeting, and those were comprised of revenue sharing, liquor tax, money, and their court equity fund reimbursement, and the only projection they had for that number to decrease was for the County’s 4th Quarter revenue sharing, which would be the 1st Quarter of the State of Michigan’s budget. She further stated that the Controller’s Office made a rough estimate of that going down about 25 percent in the final quarter.
Mr. Morton stated that she believed all of the State of Michigan fees would be pretty stable because those were all grants that were committed to for 2020. She further stated that for 2021, that was where that has compounded too because of the State of Michigan’s budget problem related to their projection of a 25 percent decrease.

Ms. Morton stated that the Controller’s Office’s 2021 projection was also worse than the original one because of a change in the actuarial assumptions for Municipal Employees’ Retirement System of Michigan (MERS), which was known before COVID-19, and it would cost $2,000,000 more because of a lower rate of return. She further stated that these were pretty rough estimates, but she read an analysis at the Citizens Research Council who had projected an 18 percent reduction in State of Michigan revenues for next year, so the County’s 25 percent was not too far off base.

Ms. Morton stated that she hopeful that this was a worst-case scenario because she did not want to be too optimistic and have to cut even more. She further stated that she hoped to have more information as the budget process continued.

Discussion.

Jared Cypher, interim County Controller, stated that the 2020 projection did not include the 160-hour vacation buyout or any possible payout of vacation hours earned under the Suspension of County Operations Policy, so that would mean a significant increase in the use of the unrestricted fund balance from $4,100,000 to roughly double of that.

Ms. Morton stated that, as they were going through their discussions prior to the bond rating, which would be discussed at the next Finance Committee meeting, realizing that even though the County had an ample fund balance saved over the years, the bond people did not like the drawdown even if the County could afford it. She further stated that the Controller’s Office had been talking about how to decrease expenses in 2020 to offset the loss of revenue and also the commitments made to employees.

Ms. Morton stated that going through the 2021 budget process and departments made decisions as to how they were going to balance their budget for next year, the County would achieve some of those savings even in 2020.

Discussion.

Commissioner Grebner stated that the County had been building up this surplus for 30 years, but he never expected this current situation, which was much worse than what he imagined. He further stated that he would not be surprised if all statutory revenue sharing disappeared, and money that was already committed for this year did not get paid.

Commissioner Grebner stated that Ingham County happened to be in better shape than ¾ of the counties in the State of Michigan, but there were counties that were stronger. He further stated that as the County was thinking of this, and because things could get worse, the entire Parks Department could be funded out of the trails millage balance if they had to.
Commissioner Grebner stated that if the County was really desperate, there was a couple million dollars that could be used out of another fund. He further stated that he hoped it did not come to that, but he knew that the County could not go on very long spending more money than what was being brought in.

Commissioner Grebner stated that the County had never been at this point in the budget process and had an unexpected overspending of 12 to 14 percent of the total general fund budget, which was two or three times worse than what had been seen in the past 40 years. He further stated that he wished the staff good luck and that the Board of Commissioners stood behind them as tough budget decisions were made.

Chairperson Morgan stated that the jobs report would be coming out on Friday, and people were expecting the highest unemployment rate ever.

Announcements

None.

Public Comment

None.

Adjournment

The meeting was adjourned at 7:11 p.m.

BARB BYRUM, CLERK OF THE BOARD