

The Marquette County Board of Commissioners met as a Committee of the Whole to conduct Departmental Budget Hearings on Monday, August 29, 2005, at 1:00 P.M. in Room 231 of the Henry A. Skewis Annex, 234 W. Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Bergdahl, Comm. Heikkila, Comm. Joseph, Comm. Pellow, Comm. Struck, Comm. Wallace and Chairperson Corkin. Absent and excused: Comm. Arsenault and Comm. Cihak.

Steve Powers, County Administrator, presented the FY 2006 Recommended County Budget. He explained that the recommended budget is balanced. It is a status-quo budget. Among the many policy issues and considerations contained in the budget, two are especially noteworthy. The 2006 Budget includes the Revenue Sharing Reserve Account. The Reserve Account established for counties by the Legislature, stabilizing a significant revenue source and postponing the uncertainty that has plagued Revenue Sharing in past years' budgets. The second item is health insurance. Unlike past years' budgets, the 2006 Budget relies on containing Marquette County's health insurance costs.

Mr. Powers went on to explain that Marquette County's cost to provide mandated services exceeds revenues generated within the County. This gap has widened with the Revenue Sharing Reserve Account. For Marquette County, 75 percent of our expenditures are mandated. Of these State mandated services, half of the cost is funded by local revenues such as property tax. From 2003 to 2005, the amount of State funding for the General Fund decreased \$1,226,000 or 46 percent. For 2006 the projected State revenues are 1 percent less than 2005.

The Michigan Statute and Constitution allow little control or options to raise revenue. Counties cannot request voter consideration of a local sales tax. Property tax revenue growth is capped at less than the rate of inflation. The Legislature and statute control revenue, and counties are required to provide the services.

The Budget assembles available funds to provide as much service as possible. Department Directors and Managers requested what they believe is needed to operate in 2006. The County Administrator's recommended budget maintains programs. No layoffs are required to balance the budget. Maintaining programs is possible through Department Managers' ongoing effort to reduce costs and improve services.

The recommended Budget is a starting point that the Board of Commissioners can choose to change. The Board of Commissioners will determine the priorities for County funding, within limits set by statute, by approving a 2006 budget.

While efforts to reduce costs and improve services must be ongoing and continual, eventually the County's ability to provide service will be trampled by rising costs (gasoline, health insurance, natural gas) and capped revenues. County expenditures, adjusted for inflation, are 5 percent less in 2005 than in 2000. The budget materials presented includes a listing of every program, comparing 2000, 2002, and 2005, adjusted and unadjusted for inflation. Marquette County has controlled expenditures and spending.

Marquette County has reduced staff. Circuit Court, District Court, Resource Management, Facilities, Human Resources, County Treasurer, Register of Deeds, Information Systems, Sawyer International Airport and Business Center, Prosecutor's Office, and the Sheriff's Department have all reduced Staff over the past several years. For the past 5 years every position that becomes vacant is reviewed. Positions have been eliminated, changed, or reduced as a result of this revenue.

Mr. Powers explained the County should balance current expenditures with current revenues. Using reserves to maintain expenses will only delay difficult, unavoidable policy decisions, and worsen future cuts. Projections for 2009 are that the General Fund will be out of balance by \$1.1 million. Our reserves are inadequate to provide any substantial assistance. Use of reserves in the 2006 Recommended Budget is limited to interest income generated or to funds that have a sufficient balance. Sawyer International Airport relies on the use of the Airport Stabilization Fund. Aviation revenues are inadequate to support required operating expenses for the Airport.

REVENUES

The 2006 General Fund Budget starts with \$337,000 more revenue than the 2005 Mid-Year Budget, net of Homeland Security Grants (a 2 percent increase).

The 2006 Budget includes \$1.1 million from the Revenue Sharing Reserve Account. The account is funded by an early collection of County property taxes over three years. The collection funds six years of revenue sharing. When the Account is fully expended, the State Revenue Sharing is supposed to resume. If the Legislature fails to resume funding, the 2011 Marquette County Budget will be short over \$1 million.

From 2005 to the 2006 Budget, State revenues are declining 1 percent, or \$8,000. Specific Ore Tax revenue is up \$114,000 from 2005. Property Tax revenue is up \$296,000 or 4 percent from 2005.

The Recommended Budget continues permit fees supporting regulatory programs such as Building Codes and Environmental Health, and services used by specific customers or clients, such as District Court and County Clerk. The Recommended Budget continues the policy of indirect cost allocations from other funds. The Recommended Budget includes \$585,000 from the Delinquent Tax Revolving Fund (DTRF): Tax Administration Services - \$225,000; Capital Improvement Program - \$200,000; and General Fund Contingency - \$160,000. The fund generates approximately \$600,000 in annual revenue above what is needed for tax payments to the cities, townships, and schools. Use of \$585,000 will not require borrowing to maintain the DTRF.

EXPENDITURES

Expenditure reductions were made in all General Fund Departments and Departments receiving General Fund support, and most agencies receiving General Fund support. Marquette County exists to provide services. As a service organization, our number one expense is personnel. Rapidly escalating health insurance costs have a strong influence on the budget. Without cooperation at the bargaining table

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for Marquette County's employees, the budget will result in layoffs and service reductions. The 2006 Budget assumes reasonable, market-based total compensation for the employees. Without changes, the projected health insurance cost increase for 2006 for the General Fund alone is \$452,175, based on a 16 percent increase in premiums.

Retirement costs are also a factor in some departments. Employees opting out of retirement and the Defined Contribution that has been in place since 2000 have reduced retirement costs for some departments. For employees in the Defined Benefit Program, 2006 retirement cost increases were substantial. For 2006, the overall retirement costs increased by \$140,000 from 2005.

Mr. Powers further explained the Budget was prepared with input and participation from Elected Officials and Program Managers. Department Managers were given the budget reduction target based on the 2005 Budget and the 2006 request and revenue increase. Overall, this approach worked and was favorably received by Department Managers. Over \$355,000 in positive changes were identified by the Department Managers and used to help balance the 2006 Recommended Budget. Marquette County Employees continue to implement ideas and changes that reduce costs and improve services. This effort will continue.

Mr. Powers presented line item details of each Department and most funds, including 2005 Actual Revenues and Expenditures, 2005 Budget Revenues and Expenditures, Departments 2006 Requests, and the 2006 Recommendation. Mr. Powers explained a Summary of Notable Changes from 2005 and Highlights from Department 2006 Requests.

The 2006 Recommended Budget complies with the provisions of Act 621 of the Public Acts of 1978. Mr. Powers stated that in addition to the cooperation and participation from Elected Officials, Department Directors, and Program Managers, the 2006 Recommended Budget would not be balanced without considerable assistance and long hours from Susan Vercoe, Debbie Kimmes, Mary Yelle, and Brom Stibitz.

2006 CAPITAL IMPROVEMENT PROGRAM RECOMMENDATION

The recommended Capital Improvement Program is \$458,800. Revenues to fund the projects are shown on the material distributed. Sufficient revenue is available to fund the 2006 Capital Improvements Program. Funding recommendations follow County policies regarding Delinquent Tax Fund interest and use of other funds. The amount of Delinquent Tax Fund interest is \$200,000, which is comparable to amounts used in previous years.

The Capital Projects Recommendation follows the Planning Commission's ranking, Information Systems Manager Ranking and Department priorities. The 2006 Program emphasizes: General Fund Government (\$239,700); Public Safety (\$142,600); Recreational Facilities Improvements (\$22,500); and Public Works (\$54,000).

Detail regarding each project is available in the Capital Improvement Program information.

1:15 P.M. WALL OF HONOR

Dr. Thomas Mudge, Marquette, Joe Pietro, Forsyth Township, George Johnson, Former Police Chief, Marquette, Virginia Long, and Dan Benstrom, Negaunee, were present to address Commissioners requesting that the Sawyer International Airport be renamed the Kelly Johnson Airport. Dr. Thomas Mudge presented his background including the last three years on the Wall of Honor Committee. He distributed materials regarding Clarence Leonard (Kelly) Johnson.

Joe Pietro read various letters of support regarding the name change. Mr. Pietro explained that the Airport Committee will raise the money and there will be no cost to Marquette County.

Commissioners thanked those present and explained that the Board will consider their request during their Budget Work Session.

2:00 P.M. FORSYTH TOWNSHIP

Chris Adams, Forsyth Township Supervisor, distributed information regarding the KI Sawyer Fire Operations. Mr. Adams along with Fire Chief Myron Hillock, requested funding for a Fire Station at Sawyer. They explained that Forsyth and West Branch Townships would share equally in the following expenses: Building maintenance and operational expenses (water/sewer, heat, electric) and supplies; and fire truck maintenance and operational expenses. Mr. Adams and Chief Hillock outlined the history so far at the KI Sawyer Fire Station. He explained that in order for the Forsyth Township Fire Station to stay in existence, they are requesting assistance from West Branch Township, Marquette County, or other sources to aid in funding Sawyer Fire Operations. Closing the Sawyer Fire Station will have a grave impact on the Marquette County Airport. The Forsyth Township Fire Department is the closest support unit to the Airport Crash Rescue Unit. Forsyth's response time to the Airport from Gwinn is 15 minutes. Future development is hindered by high insurance rates. Mr. Adams explained that they are requesting \$20,000 to assist with the operational expenses.

Commissioners and Staff engaged in a lengthy discussion regard the fire station. Currently Marquette County gives the Sawyer Fire Station \$3,500. Commissioners requesting additional information and directed Steve Powers, County Administrator, to compile the information and report back to the Board.

3:00 P.M. SHERIFF'S DEPARTMENT

Mike Lovelace, Marquette County Sheriff, was present to request four road patrol deputies. Sheriff Lovelace explained that his department services a County of 1,800 square miles. He explained that Marquette County does not have Homeland Security nor does Marquette County have County security. He further stated that the Sheriff's Department has lost 23 law enforcement officials in the past year. Statewide a reduction of 1,109 law enforcement officers since 9/11. He explained that his Department is currently funding 50% of the needs of the jail. He is funding road patrol at 25 percent of what a County

our size should have according to the State and National labor market surveys. He explained that outstanding warrants in the County have increased to 2,300 - 1,800 in one year due to lack of road patrol officers.

Also present to support Sheriff Lovelace was Lt. Bob Pernaski of the State Police, Chief Arsnbarger, Former Chief of the Forsyth Township Police, and Gaylord Hamm.

Commissioners and Staff participated in general Committee discussion regarding the FY 2006 Budget. They commended Administrator Steve Powers for presenting a balanced budget.

There being no further business to come before the Committee of the Whole Departmental Budget Hearings, the meeting adjourned until 2:00 P.M. on Tuesday, August 30, 2005.

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The Marquette County Board of Commissioners met on Tuesday, August 30, 2005 at 2:00 p.m. for the purpose of conducting continued Committee of the Whole Departmental Budget Hearings in Room 231 of the Henry A. Skewis Annex, 231 W. Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Heikkila, Comm. Joseph, Comm. Pellow, Comm. Struck, Comm. Wallace, and Comm. Corkin. Absent: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak

2:00 P.M. SENIOR CENTERS/COMMISSION ON AGING

Christy Salo, Negaunee Senior Center, addressed the Board. She briefly reviewed the background of the Commission on Aging and Senior Centers. She stated that there is a breakdown between the Commission as it was originally intended and is currently operating. She feels there is a lack of communication between the Centers and the Commission and possible duplication of services. Elise Bertucci, Ishpeming Senior Center, and Dave Johnson, Negaunee Senior Center, echoed her concerns and comments. The Centers feel they are trying to survive and service their communities with very little money from the Commission on Aging Millage which should go to the centers but is currently being used by the Commission for administration and services.

Commissioners engaged in a lengthy discussion with various representatives from the Centers, the Commission on Aging Director, Jackie Boxer and Commission on Aging Board Members, Lyle Trombley and Craig Chartier. The Millage is due for renewal in 2006. Commissioners felt the Commission on Aging and the Centers need to work together to support the renewal and be successful. The Commission and the Centers need to communicate with each other to benefit the seniors and the communities.

There being no further business to come before the Committee of the Whole Departmental Budget Hearings, the meeting adjourned at 3:50 p.m. The County Board scheduled a Committee of the Whole Budget Work Session for Tuesday, September 6, 2005, immediately following the regularly scheduled Board Meeting.

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The Marquette County Board of Commissioners met on Tuesday, September 6, 2005 immediately following the County Board meeting at 7:30 P.M. for the purpose of conducting their Budget Work Session in Room 231 of the Henry A. Skewis Annex, 231 W. Baraga Avenue, Marquette, Michigan.

Chairperson Corkin called the meeting to order. Present: Comm. Arsenault, Comm. Bergdahl, Comm. Cihak, Comm. Heikkila, Comm. Joseph, Comm. Pellow, Comm. Struck, Comm. Wallace, and Comm. Corkin. Absent: None.

Chairperson Corkin explained the process so far. He emphasized that without changes, the projected health insurance cost increase for 2006 for the General Fund alone is \$452,175, based on a 16 percent increase in premiums. He stated this is equal to 6 to 8 employees being laid off unless cooperation at the bargaining table from Marquette County Employees. Chairperson Corkin further stated that 2006 is a very tight budget and we have to live within our means. He commended Administrator Powers for a job well done on his Recommended Budget.

Commissioners engaged in discussions regarding the Budget process. They discussed the Departmental Budget Hearings of the Senior Centers/Commission on Aging, the Fire Station at Sawyer, Sheriff's Department, the Wall of Honor, the Sawyer Water/Wastewater System and Septage Fees.

It was moved by Comm. Pellow, seconded by Comm. Bergdahl, and unanimously carried by voice vote that the Committee of the Whole direct Staff to prepare information on what the County Board's authority is over all County Boards and Commissions and report back to the Committee.

It was moved by Comm. Bergdahl, seconded by Comm. Wallace, and unanimously carried by voice vote to keep the name of the KI Sawyer International Airport as is.

It was moved by Comm. Struck, seconded by Comm. Arsenault, and unanimously carried by voice vote that the Committee direct Staff to gather information and poll developers regarding the KI Sawyer Fire Station.

It was moved by Comm. Pellow, seconded by Comm. Bergdahl, to direct Staff to study the feasibility of reducing the Prosecutor's Office by one employee to hire a Road Patrol Officer, and another Road Patrol Officer be hired through the Domestic Violence Grant. A roll call vote was taken 6 Nays (Comm. Arsenault,

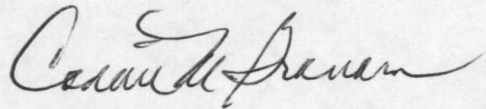
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Comm. Heikkila, Comm. Joseph, Comm. Struck, Comm. Wallace, and Comm. Corkin) to 3 Ayes (Comm. Bergdahl, Comm. Cihak, and Comm. Pellow). Motion failed.

It was moved by Comm. Wallace, seconded by Comm. Arsenault, and carried by voice vote 7 Ayes (Comm. Arsenault, Comm. Cihak, Comm. Heikkila, Comm. Joseph, Comm. Struck, Comm. Wallace, and Comm. Corkin) to 2 Nays (Comm. Bergdahl and Comm. Pellow) to recommend the Administrator's Budget to the October 11th Annual Meeting.

There being no further business to come before the Committee of the Whole Budget Work Session, the meeting adjourned at approximately 8:35 P.M.

Respectfully submitted,



Connie M. Branam
Marquette County Clerk