

**Leelanau County Board of Commissioners**  
**Committee of the Whole – Thursday, September 22, 2022**  
Tentative Minutes

*Proceedings of the meeting are being recorded (audio and video). The video of the meeting can be found at the following link:*  
<https://www.leelanau.gov/meetingdetails.asp?MAId=2382#video>

Meeting called to order by Chairman Ty Wessell at 1:34 p.m. Today's meeting is being held at the Government Center, 8527 E. Government Center Drive, Suttons Bay, Michigan.

The Pledge of Allegiance to the Flag of the United States of America was recited, followed by a moment of silence.

|            |             |                        |                              |
|------------|-------------|------------------------|------------------------------|
| Roll Call: | District #1 | Rick Robbins           | ABSENT (w/prior notice)      |
|            | #2          | Debra L. Rushton       | PRESENT                      |
|            | #3          | Lois Bahle             | PRESENT                      |
|            | #4          | Ty Wessell             | PRESENT                      |
|            | #5          | Patricia Soutas-Little | ABSENT (w/prior notice)      |
|            | #6          | Gwenne Allgaier        | PRESENT                      |
|            | #7          | Melinda C. Lautner     | ABSENT (arrived @ 2:00 p.m.) |

Guests present.

Public Comment:  
None.

Commissioner Comment:  
None.

Purpose of Meeting – Discussion:  
County Financial Overview, Treasurer John Gallagher III and Finance Director Jared Prince –  
County Treasurer John Gallagher III, Finance Director Jared Prince present and Administrator Chet Janik present via Zoom to address the agenda item.

County Treasurer John Gallagher stated that Administrator Janik requested of him to provide the Board today with a recommendation on if the Board was to finance about \$4 million in capital improvement projects where would the funding come from. Gallagher provided the following handouts to the Commissioners: Fund Balance and Cash Schedule from December 2016 to June 2022, DTR (Fund #516 Delinquent Tax Revolving Fund), Bendzinski & Co. Municipal Finance Advisors Schedule of Debt Service Projection Capital Improvement Bonds, Series 2023, and a Commercial Lending Schedule.

The handouts can be found at the following link:  
[https://www.leelanau.gov/downloads/treasurer\\_reports\\_for\\_9\\_22.pdf](https://www.leelanau.gov/downloads/treasurer_reports_for_9_22.pdf)

Finance Director Prince explained the fund balance and cash balances from December of 2016 to June of 2022 handout. He said that at each end of the year, we have a higher balance due to tax collection and the June figures are at the lowest point. He stated that his recommendation is to not go below \$2 million in fund balance. Prince stated that he is projecting a \$1.5million deficit in the 2023 budget, which would leave \$3 million in fund balance. He said that the

General Fund revenue line is set at \$10.8 million, which is budgeted lower than what will actually be collected, and be somewhere around \$11.8 million. The extra million that could get collected from tax revenue will then serve as a sort of buffer.

Commissioner Allgaier asked Prince if he just said that the tax revenue is lower than he thought?

Finance Director Prince replied, no, but projected towards next year.

Treasurer Gallagher explained the tax revenue set in the budget for 2023 are those that are the figures to be collected in 2022, so we work with the previous year totals. Gallagher stated that the taxable values should increase in 2023 and with the current projections those figures will come in higher around a million more.

Finance Director Prince stated that the amount between the \$10.8 million budgeted and the anticipated \$11.8 million being collected will bring in an extra \$1 million for the 2023 budget. Prince said the majority of the revenue will come in through collection in July of 2023.

Treasurer Gallagher said this is a cash flow game, and he understands that this project is not going to be completed within a six-month cycle or even possibly within a twelve-month cycle. Gallagher explained the DTR handout to the Board, and stated that DTR has been used in the past for Capital Outlay to draw down those values. There is a policy that sets how far the cash and fund balance has to stay at and his recommendation is to keep \$4 million. If there is a settlement that goes higher, like with a recession, there may have to be a process to borrow or utilize General Funds. Gallagher stated there is \$2 million available to use for immediate projects in the next 18 months.

Commissioner Rushton asked if the obligation of the County to pay the Townships those taxes that are unpaid by the property owner?

Treasurer Gallagher responded, yes.

Commissioner Rushton asked if we don't have the funds, we borrow from the General Fund?

Treasurer Gallagher answered yes, or borrow from an outside source. He reminded the Board to use caution if you wish to draw both of these options down because we don't know what is coming around the corner; however, there is some flexibility.

Commissioner Rushton stated this is why she wanted to make it very clear that we have the responsibility to our Townships.

Treasurer Gallagher explained the Bendzinski & Co. handout that covers looking at bonding. He requested of them a \$4 million schedule with an interest rate of 2.75% over five years. The total borrowing costs would come to a total of \$4,336,050.00. The route of going ahead with bonding secures the cash, which is a viable option to reserve the County's cash and appropriate for other projects. The sooner you can make that decision would be more prudent because the rates have gone up.

Commissioner Allgaier asked Gallagher if after five years does the bond get renegotiated? Gallagher replied, no. Commissioner Allgaier asked Gallagher if it is a rule to pay it off in five years? Gallagher said it can be structured to whichever timeframe the Board would like to choose. He stated that he requested a five-year schedule because he knows there is the cash flow to make the payments, which he thinks is a reasonable term.

Chairman Wessell said that before Treasurer Gallagher goes on that it looks like, although Administrator Janik wanted \$4 million, you have a little over \$3 million identified from various funds. Gallagher said, correct. Wessell continued, so we wouldn't need to borrow that.

Finance Director Prince said a hybrid would work.

Treasurer Gallagher explained the last page is a \$4 million commercial loan comparison with a bank that shows a three-year schedule and a five-year schedule. The three-year loan at 4.35% would result in total payments of \$4,358,995.83, and the five-year loan at 4.35% would result in total payments of \$4,540,608.33. Gallagher said that these are not a recommendation, but are just one of the opportunities as a funding source.

Treasurer Gallagher said the joint recommendation is a hybrid to use both the General Fund cash/fund balance and the DTR Fund cash/fund balance to get the HVAC System project moving forward. He stated that he did try to find resources for \$4 million; however, he is very confident with \$3 million at this time being attainable. Gallagher said the HVAC System will be over quite a few months, so with that being said, more funding could become available.

Administrator Janik stated he requested \$4 million as a target number because currently there are no bids for contracts, but a long list of capital improvements. Gary O'Conner, D&W Mechanical Technician, will be at a future meeting to give an update on proceeding with Phase II and Phase III. Janik commented that O'Conner is replacing heat pumps as they fail and trying to maintain the other pumps before they fail. He stated that sooner rather than later the Board should look at replacing the HVAC System.

Commissioner Rushton asked Gallagher if he thinks the revenue target figures are firm?

Treasurer Gallagher stated that he is very reserved when budgeting the revenues. He and Jen (Zywicki) have changed the revenues when they know what will come in from the L-4029 and adjust those accordingly, if necessary.

Administrator Janik stated the odds are that the taxable value will not go down and instead increase with the amount of home sales Leelanau County is experiencing. He said that based on the current market there is a slim chance the revenues would be less.

Commissioner Lautner arrived at 2:00 p.m.

Administrator Janik recommended that the best-case scenario is to authorize a study and go out for bids. He stated that a study needs to happen to see what the actual costs would be in 2023 for the HVAC System to provide the information necessary to move forward. In the meantime, Janik will try to keep the current system going and follow up with an engineering study of the HVAC System to see where the Board needs to take action.

Treasurer Gallagher stated the timing of the HVAC System would be taking place over multiple years.

Commissioner Rushton said she thinks there will be a little better picture of the economy over this year and next year so that the future Board will be able to plan. She stated if this Board receives the engineering study and goes out for bids this year that could change again, but the Board could build that in. Rushton thanked Gallagher and Prince.

Finance Director Prince and Gallagher recapped for Commissioner Lautner where the funds would come from if \$4 million was needed for capital improvement projects.

Administrator Janik restated for Commissioner Lautner that an engineering study needs to be performed before the project can resume to consist of Phase II.

Commissioner discussion ensued regarding the Health Department request being added to the capital improvement project list.

Commissioner Rushton asked Gallagher for a clarification that if the County goes out for a bond, do those dollars come to the County in one lump sum? Or is it something you can draw down like a construction loan?

Treasurer Gallagher replied he has never done a bond himself, so he would have to look into that.

Commissioner Bahle asked if the next phase of the HVAC System will result in better efficiency?

Administrator Janik replied technology has changed so he assuming so.

Commissioner Bahle asked if there are any State or Federal grants that maybe utilized towards the HVAC System?

Administrator Janik answered most grants are for private enterprises and non-profit organizations. He said one of the challenges of grants the County could apply for is they required lower cash/fund balances. Janik commented that the County has received some grants directly from the utility companies and he is not aware of any grants that could help pay for the project.

Commissioner Allgaier commented that grants are worth taking a look into.

Commissioner Lautner said this Board needs to look at doing the HVAC System in 2023 to get the building functioning like it should. She would like to pay cash, if possible, even if the project is scheduled over two years, and not give another thought towards bonding. Lautner stated the Health Department building on this campus is not our responsibility, and this Board has no idea where the next few years will go. We think we are good, and are holding our own. She does not think this is the time to build, and the Board needs to send a message to the Health Department to lease something else somewhere else, because the Board needs to concentrate on this building.

Administrator Janik said this has been great discussion and he thought the board wanted to see the financial overview of where the County is right now. No one is saying that the capital improvements will happen in 2023. For now, he would like to know if the Board wants to get an engineer and start the RFP (Request For Proposal) process, because now it will be almost October and it takes a couple months for the study, which pushes this to December 2022. He recommended to start with a study with an engineering firm to get real numbers and look towards 2024 and 2025 for the project to start.

Commissioner Rushton asked Janik what he anticipates the fee would be?

Administrator Janik replied that it is a complex answer because we have a study from 2018, and it needs updating. He said he is guessing that it would be less than \$50,000.00, and he is optimistic the same company or even a different engineering company to decide that and have a later discussion. He recommended adding \$50,000.00 to the budget, because when he returns to the office, he will place a few phone calls to local engineering companies and ask for ball park number to see if \$50,000.00 is safe.

Commissioner Rushton said she likes looking into an engineering study to prepare the next Board.

Treasurer Gallagher asked if \$50,000.00 should be added to the Fund #470 Capital Improvements Project?

Commissioner Rushton asked how that would impact the budget?

Treasurer Gallagher stated it increases the fund balance forward revenue number.

Chief Deputy Zywicki said currently the Fund #470 Capital Improvements Project is running in a deficit for 2022. She and Prince are planning on discussing with Administrator Janik to propose a Budget Amendment and Fund Transfer for Fund #470. She stated that there are no funds remaining for heat pump replacements. If the Board doesn't want to use DTR (Fund #516) now for \$100,000.00 then it could come from the General Fund. Zywicki said the Fund #470 has a separate checking account so the account will go into the negative if expenses are over revenues.

Commissioner Rushton said she would like to wait for the full board to make the decision and there needs to be more research on pulling funds and adding it to 2023 also.

Administrator Janik said that the Board needs give the Health Department a firm answer on if there is a decision to move forward so they can also decide their future office site. He stated that with the architectural design the Board has approved, the Health Department doesn't wasn't to wait to the last minute without a place to go. Janik said if in 2023 and there is no funding that is an option to improve the lower level then it would be fair to tell the Health Department this building is not a viable option for them.

Chairman Wessell asked Janik if the Health Department option will be on the next Executive Board meeting for Commissioner review?

Administrator Janik replied, yes, it would come to the full Board.

Chairman Wessell stated there is consensus to add the Health Department Office Space to the next Executive Session meeting. Wessell thanked Gallagher and Prince.

MERS (Municipal Employees' Retirement System) Presentation, Regional Manager Tony Radjenovich –

MERS Regional Manager Tony Radjenovich introduced himself and explained the County's Defined Benefit Plan. Radjenovich gave an update referencing the MERS Actuarial Report 2021.

The MERS Actuarial Report 2021 can be viewed at the following link:

[https://www.leelanau.gov/downloads/4501\\_leelanau\\_co\\_2021.pdf](https://www.leelanau.gov/downloads/4501_leelanau_co_2021.pdf)

Chairman Wessell called for a break at 2:38 pm, so that each Board member, along with the Clerk, could receive a copy of the MERS Actuarial Report 2021. The meeting was called to back to order at 2:46 pm.

Radjenovich continued his presentation and answered Commissioners questions. Commissioner discussion ensued regarding opting out of the MERS Plan. Radjenovich explained the benefit for the employees of the defined benefit packages listed within the actuarial and answered Commissioner questions.

Commissioners thanked Radjenovich for the update.

Commissioner Questions Concerning Department Budgets –

Finance Director Jared Prince present for Commissioner discussion.

Chairman Wessell asked if there were any requests for additional staffing?

Prince stated he recently received one for the 86<sup>th</sup> District Court for a full-time employee and the Grand Traverse County Board approved the position, which is currently not budgeted.

Chief Deputy Clerk Zywicki explained the Health Department request for 2023 is lower than the amount requested for 2022 because the Health Department is balancing their own budget in 2023 with increased fees within Benzie County and fund balance.

Chairman Wessell asked if there are certain things the Board should be concerned about that hasn't been addressed?

Prince replied that he would like to cover the highlights of the budget and there are funds that Jen (Zywicki) brought up where funding within the funds is not adequate.

Chief Deputy Clerk Zywicki said that the Motor Pool Fund will need to be reviewed and it would be helpful to have discussion on the list that Chet (Janik) provided at the beginning of the budget process regarding requests where some are budgeted and some are not.

Chairman Wessell said it would be helpful if everyone agrees to wait until Chet (Janik) is back, and have the full Board present. He stated that the funds and the list would be good topics for

September 26, 2022, meeting. Commissioners agreed. Are there questions for now on what has been presented?

Commissioner Allgaier asked about the expenses for a wage study?

Chairman Wessell replied that the full Board decided to wait for the new Board and a new County Administrator to bring that back up for discussion in 2023.

Chief Deputy Clerk Zywicki said that she believed according to the minutes Chairman Wessell is correct.

Commissioner Allgaier said she is concerned the Senior Services Director is under paid.

Chairman Wessell stated that is a concern rather than a question for now, so the Senior Services Director salary should be heard at a meeting where there is a full Board. Any questions for Prince or Gallagher?

Commissioner Rushton asked Prince if he could “ball park” the effects on the budget of the 3% cost of living increase.

Finance Director Prince stated he could try.

Chairman Wessell asked Jen (Zywicki) if there anything she thought could be discussed on Monday, September 26, 2022?

Chief Deputy Clerk Zywicki answered that the Motor Pool Fund could be addressed. Zywicki asked Administration Executive Assistant Laurel Evans through the Zoom link if Evans was aware of anyone scheduled for the September 26, 2022, meeting that the Board is unaware of?

Administration Executive Assistant Evans answered she does not have anyone scheduled.

Finance Director Prince said that the I.T. Department has requested an increase of \$95,000.00 in the Capital Improvement line item of the budget from the original figures from what was originally proposed that could be discussed.

Chief Deputy Clerk Zywicki asked if the 9-1-1 Dispatch consoles could be discussed? She stated only if Director Anson is available to present because it would be good information for moving forward with allocating funds to the department, as it is supported by the General Fund (Fund #101).

Commissioner consensus to add, if possible, the Dispatch/9-1-1 Consoles for discussion on September 26, 2022.

Commissioner Lautner requested the Capital Projects Building Fund (#470) requests be added for discussion on September 26, 2022.

Commissioner consensus to add the topic of a facilities manager to a future meeting for discussion.

Chairman Wessell requested Parks and Recreation Commission and the Drain Commissioner – Drainage District Requests for the proposed County Allocation be added for discussion on September 26, 2022.

Future meeting dates –

Chairman Wessell asked Commissioners to bring their calendars for Monday to schedule future meetings.

Public Comment:

None.

Commissioner Comment:

- Commissioner Rushton said she feels very good about the meeting today and receiving a lot of good information. She thanked the County Treasurer, the Finance Department, and the auxiliary Finance Department (Zywicki) for all their input. She stated she believes the Board is headed in the right direction and are on good footing.
- Commissioner Lautner apologized for being late.

Adjournment:

Chairman Wessell adjourned the meeting at 4:05 p.m.

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Ty Wessell, Chairman  
Leelanau County Board of Commissioners

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Jennifer L. Zywicki, Chief Deputy County Clerk  
for Michelle L. Crocker, Leelanau County Clerk