

Leelanau County Board of Commissioners
Finance/Audit Committee – Tuesday, August 23, 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=2384#video>

Meeting called to order at 9:00 a.m. by Committee Chairman Melinda Lautner.

Roll Call:	Commissioner Melinda C. Lautner	PRESENT
	Commissioner Rick Robbins	PRESENT
	Commissioner Ty Wessell	PRESENT

Guests present.

Pledge of Allegiance / Moment of Silence:

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

Approval of Agenda and Late Additions/Deletions:

Commissioner Lautner stated that she has received a request for a late addition. The request is from County Treasurer John Gallagher III regarding MERS eligibility and the request will be combined with Action Item #3, Other Financial-Related Issues. Administrator Chet Janik requested that he would like to have Finance Director Jared Prince give a brief update on the budget process and what has happened since the last meeting. Commissioner Lautner said the update from the Finance Director will be before the Action Items on the Agenda. Commissioner Wessell stated he would like to add discussion in regards to a mid-year cost of living adjustment for staff. Commissioner Lautner stated Commissioner Wessell's request will also be combined with Action Item #3, Other Financial-Related Issues.

MOTION BY ROBBINS TO APPROVE THE AGENDA AS AMENDED. SECONDED BY WESSELL.

Discussion – None.

AYES – 3 (Robbins, Lautner, Wessell)

NO – 0

MOTION CARRIED.

Public Comment:

None.

Budget Process Update:

Finance Director Jared Prince present and gave a brief update on the budget process and his plans to sit down with people to get a more in-depth review. Administrator Janik added that he met with Prince and County Clerk Michelle Crocker on a plan to move forward as well as with training of staff and he felt it was very productive dialogue. Janik continued that there are items within the proposed budget that need attention such as the HVAC system in the Government Center. Janik confirmed that by September 14, 2022, he and Prince will have the budget ready to go and to start reviewing with the Board.

Action Items —

Approval of Minutes – July 18, 2022:

MOTION BY WESSELL TO APPROVE THE MINUTES OF JULY 18, 2022, AS PRESENTED. SECONDED BY ROBBINS.

Discussion – None.

AYES – 3 (Wessell, Lautner, Robbins)

NO – 0

MOTION CARRIED.

Review of Wage Study Proposals:

Janik stated that bids were solicited from four (4) companies and that two (2) declined. The two (2) that responded have submitted proposals, which can be found at the following link:

https://www.leelanau.gov/downloads/rehmann_professional_services_proposal.pdf

https://www.leelanau.gov/downloads/municipal_consulting_services_llc_proposal.pdf

Human Resources Director Darcy Weaver stated that she contacted several other Counties and agencies, along with the health department, to see how those entities handled this. She continued that the two (2) that responded were Rehmann Robson LLC and Municipal Consulting Services LLC. Weaver said that the proposals are similar but that they are just laid out differently. She stated that Rehmann is able to begin the wage study possibly as soon as October and Municipal Consulting Services would start in early 2023. Leelanau County Compensation Study Proposal Overview 2022 handout can be found at the following link:

https://www.leelanau.gov/downloads/leelanau_county_compensation_study_proposal_overview_2022.pdf

Janik said that if the Committee wishes to proceed that he would invite both companies to the September meeting to give an overview of the proposals. He continued that to compare apples to apples the proposals that were solicited are for all Non-Union positions. Janik said that obviously union positions are negotiated contracts and he said that he thinks the Board doesn't want to get into a study based on groups the County has labor contracts with. He stated the union contracts have two more years to go.

Commissioner Wessell asked if the study is also for all elected officials?

Janik replied that yes, it is for all Non-Union, which includes department heads, elected officials, and those positions currently not in a union.

Commissioner Wessell stated that he would like to put this off until 2023 until after the Administrator search has concluded. Janik said that the Board could invite both companies to give a presentation to the full Board.

Discussion ensued regarding the disadvantages and advantages of following through with a wage study and the cost of the proposals.

Chairman Lautner stated there is consensus to review the wage study proposals with the full Board and schedule discussion for the Executive Session on September 13, 2022.

Other Financial-Related Issues – MERS Eligibility:

Commissioner Lautner read from an email dated August 22, 2022, sent to Commissioners Robbins and Wessell, copied to Administrator Chet Janik, from County Treasurer John Gallagher III asking the Finance Committee to review the MERS Eligibility to determine if the appropriate contract should reflect 10 working days or 20 hours? The email can be viewed at the following link: https://www.leelanau.gov/downloads/j_1.pdf

Commissioner Lautner asked if the change was done by a board motion?

Janik replied that yes, it was.

Commissioner Lautner continued and said that answer is yes, it was.

Janik said that the question is whether this committee or whether the Board wants to review the eligibility criteria?

Commissioner Lautner stated that she would have to go back to that discussion and why we lowered it from 10 days to 20 hours. Lautner asked County Clerk Michelle Crocker if she would like to speak to that and does she know the answer?

Crocker stated that she would be more than happy to speak on the topic and that yes, she does know the answer. Crocker said that the 10 days to 20 hours was done by Board action, and it was requested by MERS (Municipal Employees Retirement System). She stated that she was unaware this was going to be a topic of discussion for this meeting or she would have brought her notes. Crocker said that MERS sent out a request that all jurisdictions were being required to switch from 10 working days and convert that to hours. It was brought before the Board and the Board did vote to go to the 20 hours and there seems to be some confusion by people.

Crocker said that the brief history is that Leelanau County never adopted the standard work day rules of the eight (8) hour day and had they then about ninety percent of the employees would not be eligible for MERS because not all employees work an eight (8) hour day. She stated that with the request from MERS to switch from the 10 work days to hours there were meetings held with the County Administrator because you have to take into consideration every union contract and non-union policy that employees are covered under and find the lowest common denominator. She said that it seems pretty easy to think that if MERS is an eight (8) hour day then it can be taken and multiplied by 10, but you have to take into consideration the lowest common denominator of who was receiving MERS credit at the time. The County at the time had some grant employees, one of which was working in the Planning Department, that were working a two (2) hour day and based on the contract that covers the position the employee was eligible for MERS credit.

Commissioner Lautner asked if the amount was a pro-rated amount?

Crocker responded that yes, it is pro-rated with a part-time employee. She explained that what the County Administrator, as well as herself, looked at was the common denominator, which was the part-time employee at two (2) hours a day and are eligible, so the two (2) hours at 10 days would equal a total of 20 hours. Crocker stated that if you can recall at that meeting that Commissioner Rushton had asked if there were any changes to what the County is currently

doing and Crocker had answered no. She said that the answer was no then, because the County already had those employees and you had to allow for that, especially when dealing with union contracts. Crocker stated that one thing that she and Janik had discussed was how to handle the change when there are multiple contracts with employees working anywhere from a 12-hour day to a 2-hour day, so it was necessary to take the lowest common denominator. Crocker continued and said that is how you came to the number 20, and that was a question raised by Commissioner Rushton at that meeting. Crocker said that she knew Commissioner Rushton would ask questions and had a conversation on the Monday before the Regular Session to go over the topic on the agenda because Crocker knew that if anyone would have questions that needed answering, Rushton would want get to the nuts and bolts.

Crocker said the reason the eight (8) hour day at 10 working days for a total of 80 hours doesn't work is because you have elected officials that had to be part of the equation. Crocker had the following questions; Are those elected officials actually working? Are the elected officials working 80 hours a month? Is the County going to start taking away an elected officials MERS credit if they don't show up to work, and not give service credit for those months? How will the County account for the 80 hours with an elected official such as a commissioner? She continued that Commissioners also fall under the hour requirement and that the 20 hours can be justified as Commissioners receive service credit as well. Crocker stated that this change was a mandate from MERS that the County had to do this and she had already asked MERS for extensions and was pushing the deadline.

Crocker stated that if the Board wants to move from the 20 hours that the Board will need to look at every union contract and every position. Some positions like the Temporary Office Assistants will not receive MERS benefits but you do have so many different union contracts and schedules that vary from 80 hours bi-weekly to 20 hours bi-weekly.

Janik said that if MERS is to be looked at that it should be brought to the full Board for discussion. He stated that the discussion could also be held at a budget meeting because it does have a financial impact.

Commissioner Lautner said that before this change it was reflected as 10 working days?

Crocker replied, correct and said that the 10 working days could be as low as a 1-hour day, 2-hour day or as much as a 12-hour day or 10-hour day.

Commissioner Lautner asked is it a working day now?

Crocker replied that there are no longer working days within MERS and it is not an option to have working days.

Commissioner Lautner stated that as she understood it then that the working day could vary by position?

Janik said, yes. He stated that the hours in the work day varied and that even the position that was used as the common denominator had days that were only one (1) hour. He continued that the MERS agreement did not have a definition established by the County, so if an employee worked one hour, then that employee received credit for the work day. Janik continued that the

fall back for years with MERS was 10 work days if the County did not define how many hours in a work day, and with the request coming directly from MERS it is now defined.

Commissioner Lautner asked if the County's definition is 20 hours worked a month minimum to receive pro-rated MERS?

Crocker replied, right. She continued that it is always been based on 10 years vesting, the highest five (years) calculated wages, and the percentage rate of the multiplier.

Commissioner Lautner asked if MERS is satisfied with the language now?

Crocker replied, yes.

Janik said as a unit of government that it is up to the unit to define what is the eligibility, so it does vary from unit to unit.

Crocker said that if you are going to change it then you want to be very, very careful on how you look at this because it will affect every union contract, the personnel policy and you are going to have to look at every position as you have so many different classifications unless it is being proposed to take away MERS credit from employees. The Board can certainly have those discussions but it was not a discussion that she and Chet (Administrator Janik) were going to bring up because if you have one group of employees, are you going to make the requirement 80 hours or 70 hours for a different group?

Commissioner Lautner asked that if the County did want to make a change the Board could state that the number be changed to 80 hours a month? She asked then those people working any less would then be ineligible then for MERS?

Crocker answered, correct. She continued that by changing the hours it also impacts employees who are on short-term/long-term disability.

Janik stated that with changing what has been adopted that the union contracts would have to be re-visited.

Commissioner Lautner said that there may be an even bigger problem where you might not get that part-time help or smaller amounts of hours because if they are already a MERS employee coming in from another institution.

Crocker said that you can't have a knee-jerk reaction and that she and Janik were very cautious when it was being discussed while looking at all the different levels of employees. Crocker continued and stated that to take 10 work days as an eight (8) hour day then a majority of the people in this building do not work an eight (8) hour day therefore they would be ineligible. She said that is the main reason the County never adopted the eight (8) hour fall back from MERS.

Commissioner Lautner thanked Crocker for her answers. She said that there really isn't any great cost to the County to do that and it probably helps the MERS buckets by paying even those little bits.

Crocker said that yes, obviously the more people you have on MERS is going to increase your costs but when MERS mandated this change and with the deadline the County was under and to keep it status quo as to what the County was currently doing this accomplished that. The change did not add people to the MERS plan that were previously unknown.

Commissioner Wessell referenced County Treasurer John Gallagher III in the audience and asked Gallagher does this answer his question because Wessell thinks that Gallagher wanted something confirmed but that Gallagher didn't care which way it went, right? Gallagher answered, correct.

Commissioner Lautner asked if this is policy by Board action?

Crocker responded that yes, it is by Board action.

Commissioner Lautner asked the committee members if they want to re-visit this with the Board again or what is the recommendation? Leave as status quo or take it to the full Board?

Commissioner Wessell said that if there was Board action then let's find where that was and provide that to the County Treasurer.

Commissioner Lautner responded, ok, then we will leave it.

Janik stated that it has been a few years since he has brought in the MERS representative to present to the Board and that he has tried to bring them in every few years, especially when there are new commissioners. MERS is very complicated and at some point, it would be good to have MERS come in and give the Board an overview.

Crocker stated that if you are going to discuss changing the hour requirement then what the Board can do is decide to have multiple levels of MERS eligibility by the different groups because if you have certain classes of positions and you know which groups work 70 hours, 80 hours, 35 hours and 17.5 hours you can make those changes. Crocker continued that at the time that the changes had to be made by, that the union contracts were already settled the previous year and that this was the cleanest way to keep everyone where they currently were.

Janik re-stated that he would like to have the MERS representative back to present to the Board because it is really very complex.

Commissioner Lautner asked Administrator Janik to schedule a MERS presentation when it can be fit in.

Other Financial-Related Issues – Mid-year Cost of Living Adjustment:

Commissioner Wessell offered comments on a mid-year cost of living increase and would like the Board to do a mid-year inflation adjustment for staff. He said that this type of adjustment would be similar to what Grand Traverse County has done within 2022, but not to the extent of their 9% but more like 3%. Wessell stated that good benefits doesn't put food on the table or gas in the car.

Commissioner Lautner stated that she wouldn't want to do it before we go into negotiations that are going to be at the end of the year for one contract. She said that she thinks it could be messy with the union contracts. Contracts get settled and then the Non-Union gets adjusted and we have happy employees. Lautner continued that it is not just our county employees that are feeling the pinch, it is all of the families and a lot of our ALICE families don't work for the County. The increase will benefit the employees but not the taxpayers. Lautner would like to ask how far behind was GT County compared to us if they looked to us?

Commissioner Wessell replied that Grand Traverse County had a salary and wage study that prompted the increases. Wessell stated that the motivation the first time with Grand Traverse County was a 5-2 vote and by the time the study was finished up the discussion ended in a 7-0 vote.

Commissioner Lautner said that it was probably easier to look at the increases overall than it was to implement the wage study.

Janik stated that Grand Traverse County did do both. He said that Grand Traverse County did implement the wage study, plus they did a mid-year wage adjustment.

Commissioner Wessell stated that if we were paying our employees fairly last year, and he thinks the County was, then they are not being compensated this year because of the cost of living. He said that if we were overpaying them last year then they are probably getting what they need now, but he thinks the County must accept the fact that inflation does hurt the lowest wage earners most. He continued that it does help the taxpayers because it helps to attract and keep good employees.

Commissioner Robbins said that he thinks Leelanau County does have the better benefit package than Grand Traverse County but that we are behind in wages. Robbins stated that he thinks that we could do something and that some of our departments here have employees whose wages could be higher. He continued that he agrees with Commissioner Wessell about looking into something, but not at the 9.0% Grand Traverse County did, but explore to help out the employees.

Commissioner Lautner commented that if it is going to be the action of the Board to do something, then perhaps we could explore to do it a little different than just raising salaries by a percentage. She continued that there has been the other side of the argument that we are not seeing inflation at this time and that it is going to balance. Lautner stated that you could take a percentage and do it as a one time, not bonus, that wouldn't add to the salary and wouldn't make it compound year after year for when things do balance back out again or catchup. She said that her idea would be considered another angle to achieve giving the lower end of the scale employees more in wages without adding to the salaries. If the County did do an off-scale adjustment does that count as MERS wages or can be excluded?

Crocker said that the County could look into that regarding MERS because the ARPA (COVID) payments had a resolution that those wages would not be MERS reportable. Crocker stated that she and Weaver can contact MERS and find out.

Commissioner Lautner stated that she would like the Board to look at all options.

Janik said that the County's biggest challenge is, as both of you have pointed out, is the people at the lower end of the scale, which we are talking about the support staff, Teamster's employees. Janik stated that when the County has openings, we are not getting applicants. He continued that when the County Clerk had a couple of openings that she received very few applicants and that when he tried hiring Accounting Clerk's he couldn't locate applicants.

Janik commented that we aren't even close and that with our starting pay that he has been putting people at different levels of the steps just because our starting pay is so below the average. He continued that he thinks the employees can go out and work just about anywhere. Janik said that he saw an opening posted at Hansen's, in Suttons Bay, and he just looked at the starting pay, and their starting pay there is more than what we pay the support staff here. Janik said that yes, you are right that we have benefits and everything else, and he isn't comparing, but if you just look at the starting pay that he was surprised we are lower.

Janik stated that he has had some discussions with the union about placement of people and the scale and everything and that is something we could look at. He stated that maybe there could be an adjustment for certain positions, so there is a lot of things that you can do without changing, as you said, the wage scale. He continued that if you do anything that it has to be in accordance with the union and we would have to get a letter of understanding. Janik said that outside of our Non-Union employees it would have to be a joint decision and most of the times the union isn't going to disagree with additional wages, but there would need to be an agreement. He continued that the one-time stipend with Covid funding, as you remember, we did have union agreements and letters of understanding.

Commissioner Lautner asked for any thoughts, action or direction?

Janik clarified that if the Board is going to have a talk in September about a wage study, then this would be a good time to talk about that because the two are parallel. He continued that there could be one discussion on both issues and get feedback from all seven (7) commissioners.

Chairman Lautner stated there is consensus to move the mid-year Cost of Living Adjustment to the Executive Session on September 13, 2022.

Board Member Comment:

Commissioner Wessell said it was nice to have Commissioner Rushton in the audience.

Public Comment:

Michelle Crocker, County Clerk; Jim Kiessel, Undersheriff.

Adjourn:

MOTION BY ROBBINS TO ADJOURN. SECONDED BY WESSELL.

Discussion – None.

AYES – 3 (Robbins, Wessell, Lautner)

NO – 0

MOTION CARRIED.

Meeting adjourned at 9:45 a.m.

Melinda Lautner, Chairman
Leelanau County Finance/Audit Committee

/s/ Michelle L. Crocker
Michelle L. Crocker, Leelanau County Clerk
Clerk, Leelanau County Board of Commissioners