The Marquette County Board of Commissioners met as a Committee of the Whole on Tuesday, August 12, 1997 at 6:00 p.m. in Room 231 of the Henry A. Skewis Annex, Marquette, Michigan.


It was moved by Comm. Arsenault, seconded by Comm. Roberts, and unanimously carried by voice vote that the minutes of the Committee of the Whole meeting held on July 22, 1997 be approved.

Chairperson Corkin opened the meeting for public comment. None was forthcoming.

It was moved by Comm. Joseph, seconded by Comm. Roberts and unanimously carried by voice vote that the agenda be approved with the following late addition: Item 18) Request for Use of County Trails.

It was moved by Comm. Roberts, seconded by Comm. Rapport and unanimously carried by voice vote that Claims and Accounts for the period July 19, 1997, through August 7, 1997 in the amount of $1,104,251.46 be approved.

The Committee considered a letter from Brad Cory, Administrator, Marquette County Medical Care Facility, regarding the Boren Amendment. The Boren Amendment was enacted in 1981 at the request of the nation’s governors to insurance adequate access to health care services for Medicaid beneficiaries. The Boren Amendment simply states that payment rates for hospitals and nursing facilities must be reasonable and adequate to meet the costs of efficient and economically operated facilities.

For several years the State of Michigan was inadequately reimbursing nursing homes causing a reduction in payment rates. A lawsuit was filed against the State of Michigan for violation of the Boren Amendment by the Health Care Association of Michigan and the Michigan Association for Services to the Aging and won in Federal Court. Soon after that, the Michigan County Medical Care Facilities Council filed suit in Federal District Court for the same reasons and that suit was also won. Now, after sixteen years of insuring adequate payment rates, the nation’s governors have decided that reasonable and adequate is too much and want the Boren Amendment repealed.

Chairperson Corkin reported that the legislation has already passed through the Federal Legislature and the Boren Amendment has been repealed but a compromise is in the making through the federal budget process.

It was moved by Comm. Arsenault, seconded by Comm. Rapport and unanimously carried by voice vote that the communication be placed on file.

* * * * * *

The Committee considered a presentation by Anderson, Tackman and Co. of the 1996 Audit. John Blembarg, principal with Anderson Tackman & Co., and also Chris Holmgren with Anderson Tackman & Co. for the past six years in which he has participated with the Marquette County Audit, made the presentation. Mr. Blembarg noted that Anderson Tackman & Co. provides audit services for 12 of the 83 counties in Michigan and will be attending the MAC Conference which is beginning next Sunday at the Superior Dome in Marquette. He invited Commissioners to stop by their booth and meet with Anderson Tackman & Co. representatives in a more informal manner.

Mr. Blembarg noted that the County has elected not to maintain a record of its general fixed assets and also the accounting procedures utilized for the Airport Enterprise Funds are to expense fixed assets as they are acquired rather than reflect the capitalization and depreciation of fixed assets. These practices are not in conformity with generally accepted accounting principals, however, in the opinion of Anderson Tackman & Co., based on their audit report and the report of other auditors, the combined financial statements and the combining of the individual fund
statements, except for the general fixed assets and the capitalization procedure of the Airport Enterprise Fund, present fairly, in all material respects, the financial position of the County of Marquette as of December 31, 1996.

Mr. Blemberg then proceeded to review six colored graphs demonstrating the changes in the various Marquette County revenue and expenses for the period 1992 through 1996 including fund balance, retained earnings - propriety funds, total revenues, total expenditures, general fund revenues, and general fund expenditures for both the five year period and for 1996. Commissioners were free to ask questions anytime during the presentation. The graphs show that Marquette County has been living within its budget during the past five years and Mr. Blemberg also noted that transfers into the general fund revenue from such sources as the Tax Delinquent Revolving Fund and the Budget Stabilization Fund have declined by $700,000. This is good because the General Fund Budget is not as dependent upon the transfers in from other revenue sources which will allow those funds to accumulate.

Mr. Blemberg then reviewed the 1996 Management Letter which identifies matters involving internal control structure and operations for Marquette County. The appropriate procedure is that Marquette County respond to this management letter which Administrator Powers has. The August 12th letter from Anderson Tackman indicates that the management judgments are good from the County’s administrative staff. This is considered a positive indication by federal government when considering grant applications in that the County is being responsible and following appropriate accounting procedures by correcting any oversights or deficiencies. Anderson Tackman & Co. are in agreement with and happy to see the positive actions and recommendations taken by Administrator Powers and Finance Manager Yoder. The audit procedure has been adhered to, and Mr. Blemberg was happy to report that there are no material weaknesses in Marquette County’s accounting system, only normal reportable conditions. Mr. Blemberg noted it has been a pleasure once again to work with Marquette County.

Chairperson Corkin pointed out that FY 1996 concluded with Marquette County in stable financial condition. He commended former Administrator Dennis Aloia, present Administrator Steve Powers, and Finance Manager Gary Yoder for their excellent work, and thanked Anderson Tackman & Co. for its report.

It was moved by Comm. Rapport, seconded by Comm. Roberts, and carried by voice vote 8 Ayes to 1 Nay (Comm. Berghdahl), that the Committee of the Whole recommend the County Board accept the FY 1996 audit from Anderson Tackman & Co. and to approve the Administrator’s recommendations contained in his response to the 1996 management letter.

* * * * * *

The Committee considered a proposed revised resolution regarding Board of Health responsibilities from Dr. Randall M. Johnson, Health Department Director. Dr. Johnson explained that on October 10, 1995 the County Board adopted a resolution expanding the membership of the Board of Health from five to seven members with the two new members being a County Commissioner and the County Administrator or designee. In addition, the resolution delegated increased responsibilities to the Board of Health and established financial incentives necessary to begin moving the Department toward financial self-sufficiency.

Dr. Johnson further explained that the revised resolution calls for reducing the Board of Health from seven to five members. The Board of Health was five members for 20 years before it was increased to seven. They have at times difficulty getting a quorum at meetings and by reducing the size this would be much easier. The resolution also calls for deleting the dedication of 20% of year-ending fund balances for an employee incentive plan. In addition to ongoing concerns regarding the appropriateness of having incentive available in only one department, the employee incentive plan has become an issue of contention during union negotiations. The resolution also clarifies the utilization of year-end fund balances by applying the first $70,000 to the next year’s general fund annual appropriation to the Health Department, and 60% of the amount over $70,000. The remaining 40% would be allowed to accumulate in a Health Department reserve fund.
Steve Powers, County Administrator, related that he is uncomfortable with the blurring of administration and policy that occurs when appointed staff serve on the same organization's policy boards. He believes that the communications, financial oversight, general exchange of issues of concern can be best accomplished by not having the County Administrator on the Board of Health. Comm. consensus was to vote on the four main issues proposed by the resolution separately as follows:

1) It was moved by Comm. Rapport, seconded by Comm. Arsenault and carried by voice vote 6 Ayes to 3 Nays (Comm. Bergdahl, Joseph, and Roberts) that the Committee of the Whole recommend that the County Administrator or designee be removed from the Board of Health.

2) It was moved by Comm. Arsenault, seconded by Comm. Tuominen and unanimously carried by voice vote to keep the Board of Health at seven members.

3) It was moved by Comm. Arsenault, seconded by Comm. Rapport and unanimously carried by voice vote that the dedication of 20% of year-ending fund balances to serve as an employee incentive plan be deleted.

4) It was moved by Comm. Arsenault, seconded by Comm. Rapport and unanimously carried by voice vote that the Committee of the Whole recommend that the year-end Health Department fund balances (if any) be utilized in the following manner:

   a. Apply the first $70,000 to next year's general fund annual appropriation.
   b. Apply 40% of the amount over $70,000 to a Health Department "reserve fund."
   c. Apply 60% of the amount over $70,000 to next year's general fund annual County appropriation.

* * * * *

The Committee considered the 1997 Mid-Year Budget Review and Financial Condition Projection from Gary Yoder, Finance Manager, and Steve Powers, County Administrator. The Financial Projection Report is prepared based on General Fund financial data at the end of June and indicates a negative balance of $80,314. Revenues are projected to increase by $158,796 and the expenses are also expected to increase by $239,110.

Three rather large amounts are involved in the revenue adjustments: 1) The estimate for indirect costs increased by $83,180, primarily caused by adding an overhead to the Sawyer Caretaker Budget and also reflected increased amounts based on the completion of the 1997 Cost Allocation Plan. 2) Revenues from District Court are expected to increase by $68,000, and 3) Prisoner board revenues are projected to decrease by $75,000.

On the expenditure side, several items causing a projected increase include: 1) Throughout various departments an increase in retirement, 2) Increase in the appropriation of the Health Department of $100,000, 3) Planning Commission salary and associated benefit accounts expected to increase approximately $44,000, and 4) Hospitalization for retirees is expected to cost $45,000 more than originally anticipated.

Staff recommendation is that the Committee of the Whole accept the Financial Condition Projection Report for file and recommend the County Board adopt Budget Amendments No. 20 through and including Budget Amendment No. 35. (Budget Amendment 20 includes transferring $80,314 from General Fund Contingency to various line items to keep the General Fund in balance.)

It was moved by Comm. Rapport, seconded by Comm. Roberts, and carried by voice vote 6 Ayes to 3 Nays (Comm. Bergdahl, Joseph, and Tuominen), that the Committee of the Whole recommend the County Board accept the Financial Condition Projection Report for file and approve Budget Amendments No's 20 through 35.

* * * * *

The Committee considered the 1997 Photocopier Purchases. County Administrator Steve Powers explained that sealed bids were received from seven area office equipment dealers which included demonstrations of photocopiers at the Sheriff's Department. The photocopiers were ranked and commented on by staff who used the machines.
Staff recommends that the photocopier purchase project be awarded to U.P. Office Solutions, total purchase price $15,855, $8,370 for one Sharp SF-2040 photocopier and $7,125 for three Sharp SF-2118 photocopiers. Funds for the project are in the copier/computer fund Capital Outlay Budget. There will be an estimated decrease in the cost of service agreements for the new machines of $1,150 per year.

It was moved by Comm. Tuominen, seconded by Comm. Cihak, and unanimously carried by voice vote, that the Committee of the Whole recommend the County Board approve of the 1997 photocopier purchases for a total purchase price of $15,855 from U.P. Office Solutions.

* * * * * *

The Committee considered an Employment Agreement with Ed Bailey, Operations Manager with the KI Sawyer Development Department. Steve Powers, County Administrator, explained that Mr. Bailey manages the protection and maintenance (caretaker) activities by supervising 32 staff, administers several contracts, and assists with development. The County Board recently approved at-will employment agreement with Tom Rumora, KI Sawyer Development Director, and Mr. Bailey would also like an at-will agreement. This at-will relationship is of benefit to Marquette County in that we have the ability to end the employment relationship regardless of cause. The terms and conditions of the employment agreement regarding compensation and benefits is consistent with County policy, however, Mr. Powers noted that Mr. Bailey be granted 15 days of vacation at the beginning of the contract whereas general County employees accumulate vacation days per pay period.

Administrator Powers further noted that it is his recommendation to approve the at-will agreement is specific to KI Sawyer and not other department heads. He does not believe that this will cause a sudden run of requests to be at-will employees. On the other side, Mr. Bailey can leave employment with 30 days notice to accept a position elsewhere. The agreement has no effect on union employees. The represented employees at KI Sawyer are part of the Courthouse Union.

Comm. Arsenault noted that Ed Bailey is an excellent employee. Part of his duties is overseeing the Caretaker Agreement for which no disallowed costs have occurred. He is very good at his job.

It was moved by Comm. Rapport, seconded by Comm. Cihak, and unanimously carried by voice vote, that the Committee of the Whole recommend the County Board approve of the Employment Agreement with Ed Bailey, Operations Manager with the KI Sawyer Development Department.

* * * * * *

The Committee considered supplements to the lease with the Air Force Base Conversion Authority (AFBCA). Steve Powers, County Administrator, explained that both supplements amend leases approved previously by the Board of Commissioners. The location of the passenger terminal on the east side of the runway requires an amendment to the lease between Marquette County and the AFBCA. Supplement No. 1 adds 60 acres needed to the terminal. Supplement No. 4 removes land already leased and previously assigned by the State of Michigan to Marquette County. The County is leasing property from AFBCA for $1 and received the lease from the State of Michigan for $1.

Hal Pawley, Airport Manager, was present and explained that there has been some previous contamination from de-icing compounds utilized at Sawyer. The Air Force will determine the number of parts per million during the next three or four weeks. Mr. Pawley noted that Marquette County will also be doing de-icing but will have an environmental plan in place and the County's responsibility will be minimal.

It was moved by Comm. Roberts, seconded by Comm. Bergdahl, and carried by voice vote 8 Ayes to 1 Nay (Comm. Cihak), that the Committee of the Whole recommend the County Board approve of the supplements to leases with Air Force Base Conversion Authority as recommended.

* * * * * *
BOARD OF COMMISSIONERS          COUNTY OF MARQUETTE          AUGUST 12, 1997

The Committee considered a memo from Patricia Micklow, District Court Judge, and Chair of the Marquette County Judicial Council, regarding the security study of the Marquette County Trial Court facilities. At its July 25th meeting the Judicial Council approved recommendations which provide the Security Advisory Committee the authority to recommend general security policies to the Judicial Council and to develop a plan to implement the recommendations of the report.

County Administrator Steve Powers noted that upon completion of the Advisory Committee’s work, recommendation with a budget impact that exceed the Court’s budget or that involve departments other than the Courts, must be reviewed. The County’s insurance carrier has also offered to review the Court Security Study and provide additional recommendations from a County-wide perspective.

It was moved by Comm. Tuominen, seconded by Comm. Rapport and unanimously carried by voice vote to place the communication on file.

* * * * * *

Steve Powers, County Administrator, distributed his 1998 budget recommendations. He also requested an indication from Commissioners whether or not to schedule all departments for the Committee of the Whole Budget Hearings from August 25 through August 29, or only those department heads who wish to speak to the Committee of the Whole.

Consensus was that the Administrator schedule only departments who request a meeting with the Committee of the Whole.

* * * * * *

The Committee considered a request to develop a Conflict of Interest Policy. Steve Powers, County Administrator, noted that the Board of Health has been discussing ways to address the issue of Board Member conflict of interest. Medicare regulations require that the issue be addressed in some fashion.

Administrator Powers has also learned that the EDA requires a Conflict of Interest Policy and presented a draft of policy to the Committee. He recommends referring the draft to Civil Counsel for review and refinement as a County policy. When that is adopted as a County policy it will also take care of the Health Department’s concern.

It was moved by Comm. Rapport, seconded by Comm. Cihak and unanimously carried by voice vote that the draft policy on Conflict of Interest be sent to Civil Counsel for review and refinement.

* * * * * *

The Committee considered a recommendation from Steve Powers, County Administrator, to amend Financial Policy - 202 Change Orders. Current purchasing policy limits the County Administrator’s approval of change orders to $1,000 or 5% of the original contract amount, whichever is less. With the scope of construction work at KI Sawyer the policy will cause delays and require special Board meetings, contractor and tenant frustration, and increased cost.

Administrator Powers recommends that Paragraph 1 of the Change Order Policy be changed to read:

"To meet unforeseen circumstances or, when necessary, to allow a project to proceed as intended, the Administrator may authorize changes which increase or decrease contract price by 5% of the original contract amount."

The Administrator also recommends the deletion of Paragraph 2 in the Change Order Policy.

It was moved by Comm. Cihak, seconded by Comm. Arsenault, and unanimously carried by voice vote, that the Committee of the Whole recommend the County Board amend Financial Policy No. 202 for Change Orders as recommended by the Administrator.

* * * * * *
The Committee considered a recommendation from Steve Powers, County Administrator, regarding the EDA grant and project administration. Mr. Powers explained that the need for administration of the multitude of projects comprising the relocation of the County Airport, the County contractual obligations with AMR Eagle, and the KI Sawyer Conversion has become increasingly evident over the last several months. Each component has numerous federal and state funding sources which come with agency rules, requirements, and procedures.

The most important funding source presently is the Economic Development Administration Grant. The current joint relationship with the Marquette County EDC and Marquette County is not a model for success with the EDA. The building remodelings for AMR and the Airport relocation are time critical and the current source of contract arrangement is adding steps to a project that can’t afford delays.

To improve the clarity of responsibilities and accountability Mr. Powers recommends that the EDA Grant Administration, sole point of contact, and lead entity, all be Marquette County’s responsibility. The EDC would continue to remain the lead entity for Building 664, continue to prepare and justify the 1997 application (for which the County should compensate the EDC), and possibly contract with the County for portions of EDA-funded activities (marketing, for example).

Effective upon approval of the County Board, Administrator Powers further recommends that the EDA Grant be amended, once again, to have Marquette County be the only entity under agreement with the EDA. Ron Koshorek will be responsible for grant administration. Also, EDA administration funds should be used to hire a project manager that would assist Ron Koshorek and Hal Pawley, Airport Manager.

Comm. Bergdahl, also President of the EDC, noted that the EDC does not have time to administer the grant, however, the EDA has provided the name of an individual that could act as Grant Administrator who could be hired by the EDC and answer to the County Administrator. Comm. Bergdahl contended that the County Board had approved the EDC as the original lead agency for the EDA Grant, then the Michigan Jobs Commission said that they would handle the EDA Grant so the County Board requested that the EDC back off. The Michigan Jobs Commission couldn’t do it so they turned the Grant back over to the County EDC. Now the Administrator is recommending that the County take over the grant administration. The EDC can hire a Grant Administrator within a week to work on the matter.

Chairperson Corkin noted that the final accountability for the EDA Grant rests with the County of Marquette. We need someone on staff who is familiar with EDA Grant procedures. Most of the projects at KI Sawyer hinge on the EDA Grant funding, without that funding we are going nowhere. Ron Koshorek, of the Resource Management Department, has handled dozens of grant applications and Chairperson Corkin is confident in his abilities to administer the EDA Grant.

It was moved by Comm. Arsenault, seconded by Comm. Cihak, and carried by voice vote 5 Ayes [Comm. Arsenault, Angeli, Rapport, Roberts, and Corkin] to 4 Nays [Comm. Bergdahl, Cihak, Joseph and Tuominen], that the Committee of the Whole recommend the County Board approve of the Administrator’s recommendations regarding EDA Grant and project administration as presented.

* * * * * * *

The Committee considered a request for use of County trails from Gerry Markey, County Equalization Director, acting on behalf of the Marquette Mountain Ski Patrol. His organization is sponsoring a cross-country bicycle race on the weekend of September 21, 1997 and a portion of the route will cross county owned lands using former cross-country ski trails in Sec. 11 of Sands Township.

Harley Andrews, Civil Counsel, has advised Mr. Markey that permission would have to be granted by the County Board and should be subject to the following requirements: 1) Execution of a license agreement between the County and the Ski Patrol granting the right to use the property for the requested purpose, imposing upon the Ski Patrol the responsibility for safety measures and containing appropriate insurance and indemnification provisions, 2) Provision of proof of insurance coverage with the County of Marquette as an additional named insured. The policy limits and the amount to be approved by the County Risk Management Specialist and Civil Counsel, and 3) Execution by all participants in the races of a release form by which the participants agree to waive any claims against the County for any injuries they may sustain while on County property.
It was moved by Comm. Cihak, seconded by Comm. Tuominen, and unanimously carried by voice vote, that the Committee of the Whole recommend the County Board approve of the request for the use of County trails by the Marquette Mountain Ski Patrol subject to the requirements presented by Civil Counsel.

* * * * *

Chairperson Corkin opened the meeting for public comment. None was forthcoming.

**COMMISSIONER COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS**

Chairperson Corkin announced that negotiations are under way with Delta County. They are considering joining with Marquette, Alger, and Luce Counties and becoming a member of Superior Behavioral Health.

Chairperson Corkin also noted that this Sunday begins the Michigan Association of Counties Conference at the Superior Dome in Marquette. Commissioners’ conference packets will be in the mail room. Approximately 500 Commissioners will attend the conference along with spouses, guests, and presenters, it will mean 700 plus individuals. This will have a large economic impact that will benefit Marquette County.

Comm. Tuominen recently attended the Area Agency on Aging Advisory Council meeting for funding. Personal care funding will stay at $15,230 for the Health Department and deductions will come from the Homemaker Program of the Commission on Aging. The total funding for Senior Centers in Marquette County will amount to $5,000. The only way these items could be changed would be if the Health Department makes a written recommendation. He will discuss the matter with Dr. Johnson.

Comm. Cihak noted that a Boeing 707 recently landed at KI Sawyer and questioned if they had paid a landing fee. Administrator Powers reported that they bought fuel and rented office space, however, he will have to check into the landing fee.

Comm. Cihak thanked Comm. Rapport for the fine work on the MAC Conference. Her organizational skills were excellent.

Comm. Arsenault, as Chairperson of the KI Sawyer Economic Development Committee, reported a special meeting will be held on August 25, 1997 at 6:00 p.m. All of the housing units have now been requested which puts the housing two years ahead of schedule and may flood the housing market.

There being no further business, the meeting was adjourned at 8:28 p.m.

Respectfully Submitted,

[Signature]

David J. Roberts
Marquette County Clerk
MARQUETTE COUNTY BOARD OF COMMISSIONERS
COMMITTEE OF THE WHOLE
Tuesday, August 12, 1997, 6:00 P.M.
Room 231, Henry A. Skewis Annex, Marquette, MI 49855

1. ROLL CALL.
2. APPROVAL OF THE MINUTES OF THE COMMITTEE OF THE WHOLE
MEETING HELD ON JULY 22, 1997.
3. PUBLIC COMMENT.
4. APPROVAL OF THE AGENDA.
5. Review of Claims and Accounts.
6. Letter from Bradley Cory, Administrator, Marquette County Medical Care
Facility, regarding the Boren Amendment.
7. Anderson, Tackman & Co. Presentation of the 1996 Audit. (Previously
Distributed).
8. Revised Resolution regarding Board of Health Responsibilities.
9. 1997 Mid-Year Budget Review and Budget Projections from Gary Yoder, Finance
Manager.
Manager.
12. Supplemental Agreement to Lease with AFBCA.
13. Letter from Marquette County Judicial Council regarding Security Study of the
Marquette County Trial Court Facilities.
15. Conflict of Interest Policy.
16. Amendment to Change Order Policy.
17. EDA Grant Administration.
18. PUBLIC COMMENT.
19. ANNOUNCEMENTS.
20. ADJOURNMENT.