

GENESEE COUNTY ROAD COMMISSION
SPECIAL BOARD MEETING
COMMISSIONER'S BUDGET WORKSHOP

August 08, 2023

MINUTES

CALL TO ORDER

Chairperson Elkins called the meeting of the Genesee County Board of Road Commissioners to order at 9:12 a.m. The meeting was held in the Board Room of the Genesee County Road Commission, 211 W. Oakley, Flint, Michigan 48503-3995.

ROLL CALL

Present: Timothy Elkins, Chairperson
Cathy Lane, Vice Chairperson
Chris Gehringer, Commissioner
Reggie Smith, Commissioner
Joe Massey, Commissioner

Others Present: Fred Peivandi, Eric Johnston, Randy Dellaposta, Anthony Branch, Donna Poplar, Tracy Khan, Kendra Love-Brezzell, Genesee County Road Commission Staff, Linda Kossak, Secretary of the Board of Road Commissioners

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chairperson Elkins

APPROVAL OF AGENDA

August 08, 2023 – Agenda

ACTION TAKEN – Motion by Ms. Lane, seconded by Mr. Gehringer, to approve the August 08, 2023 agenda as presented.

VOTE ON MOTION

Yes: Lane, Gehringer, Smith, Massey, Elkins
No: None.

MOTION CARRIED.

MEETINGS, PRESENTATIONS, HEARINGS, AND INFORMATION

Tuesday, August 15, 2023

9:00 a.m. – Roads & Bridges Advisory Committee Meeting

10:00 a.m. - Board Meeting

PUBLIC ADDRESS THE BOARD

None

BOARD OF ROAD COMMISSIONERS' DECISIONS

DISCUSSION

Fiscal Year Ending September 30, 2024 Commissioner's Budget Workshop

A copy of the proposed Budget for the fiscal year ending September 30, 2024, was distributed to the Board and staff members for their review. (Copy filed with official minutes.)

Managing Director Fred Peivandi started the meeting with an overview of the proposed fiscal year ending September 30, 2024 budget highlights:

- We expect to receive an estimated \$41,366,679 in MTF revenue, a 2.8% increase over last year's projection provided by MDOT.
- The total budgeted MTF revenue for fiscal year 2024 is expected to increase by \$1,366,679, or 3.4% increase from the previous year's budget.

Metro Garage Funding

- Reallocate \$2,000,000 in additional contributions from the Defined Benefits Pension Trust for the Metro Garage project.
- We have created a new revenue line item to account for reimbursing \$3.7M in retiree healthcare expenses to be drawn from the OPEB Trust.
- We have reallocated the remaining funds from various departments. The estimated construction cost is 10.5M.

Other Highlights

- The budget reflects estimated wage increases per the CBA and a 3% salary increase for all at-will and exempt employees.
- We have dedicated \$2,520,000 in matching funds, to Local Road Improvements.

Finance Director Tracy Khan gave a PowerPoint presentation with the highlights of the proposed 2023-2024 Budget. The presentation included:

- Michigan Transportation Funding History from 2010 to the 2025 projected budget.
- Estimated distribution schedule for Michigan Transportation Funding (MTF) for Genesee County for fiscal years 2023, 2024 and 2025.
- Budgeted MTF Revenue for 2024 proposed budget and 2023 adopted budget showing an increase of \$1,366,679 or 3.41%.
- Sources of Budgeted MTF Revenue:

Fuel Tax and Vehicle Registrations	\$18,361,782
Income Tax Allocation	\$20,191,542
Marijuana Tax Allocation	\$ 2,813,355
- Three Year Comparative Revenue
- Revenue increase due to budgeting of reimbursement of retiree healthcare expenses from OPB Trust
- Expenditure Increases – Metro Garage, Undetermined CBA salary increases and 3% salary increases for non-union employees
- Department 91 – Fiscal Year 2024 Summary of Road Projects; Federal/State Funding, 100% Road Commission and Local Road Construction
- Comparative Salary Report by Department
- Health Insurance History – Fiscal Year 2005 thru 2024 projected.
- Historical Fund Balance –Other Post-Employment Benefits (OPEB) year 2005 thru estimated 2024
- Defined Benefit Pension Plan – Currently at 69% funded
- Genesee County Employees Retirement System – Employees and their years of service as of 12/31/2022:

Under 1 year	8 employees
1 - 4 years	63 employees
5 – 9 years	20 employees
10 – 14 years	7 employees
15 – 19 years	23 employees
20 – 24 years	22 employees
25 – 29 years	5 employees
30 – 34 years	1 employee

The Board asked if we are planning for those employees that will be retiring in the next few years. Mr. Dellaposta said that yes, we are planning for those employees that will be retiring by offering competitive salaries, great health care and trying to create an environment that people want to work in. In today’s work force younger employees look for what makes them happy. HR Director Donna Poplar added that we need to learn how to attract women to the GCRC and be cognitive of Diversity, Equity and Inclusion (DEI) and reshaping our image to the public as well as make employees feel valued.

Commissioner Massey added that we need to start with the community colleges to attract new employees and added that our Communications Coordinator has done a great job interacting with the community.

Commissioner Lane asked about the Defined Benefits Pension Trust and what are we going to be doing this year to get our defined benefit pension plan percentage up (currently at 69%) for employee retirement. Ms. Khan stated that this year we will not be adding any additional funds to the plan due to the Metro Garage Project but next year we will resume the extra funding dollars. Ms. Lane commented that employee's retirement is essential. Ms. Khan replied that after speaking to an actuary it would take 10 and 11 years to reach fully funded.

Commissioner Massey said that he does not know anyone that has a 100% funded defined benefit plan and asked Ms. Khan if there are any that have. Ms. Khan replied that Genesee Health Systems, which is part of GCERS, became 100% funded after putting a lot of money towards it and the City of Mt. Morris is also fully funded but they only have 10 employees.

Commissioner Gehringer added that at the end of the proposed fiscal year 2024 budget, we are projecting that we will have a fund balance of over \$3 million dollars and it takes \$2 million dollars to fund this, why can't we use that?

Ms. Khan replied that in the past, we have not planned the additional primary road projects because we wait until January/February to see how much money is going to flow into fund balance and typically that extra money [in fund balance] is used for primary roads, not to say we can't use that, it is just what historically we have done. Commissioner Gehringer said he would appreciate it if staff could look at this stating the Board would appreciate it. Managing Director Peivandi said we would look at the additional carryover funding.

Mr. Dellaposta added that we had \$6.5 million reserve after we closed the 2022 fiscal year. We took \$2.8 million for maintenance projects and construction projects, and then we knew we had the Metro Garage project and earmarked \$3.5 million to set it aside for that project. Director Khan indicated that last year our OPEB account was already funded 120% so we will shift the \$2 million that we had been putting in that account changing it to our Defined Benefits Pension Trust so we can fund that retirement system. At some point in time, we will assess that along with the 3 – 5 year plan to improve our buildings.

Chairperson Elkins asked Ms. Khan if we have a current percentage for the amount our defined benefits plan is currently funded for fiscal year ending 2023. Ms. Khan stated that we do not have that information available to us yet. Public Act 202 of 2017 requires a minimum funded ratio of 60% and we are currently at 69%, so we are in good shape.

Commissioner Smith asked if there is there any data regarding how many retirees we have currently in the retirement plan. Ms. Khan replied that she has that information in her office and will provide it to the Board.

Use of Fund Balance

Each Department Director gave an overview of their departmental budget for fiscal year 2023-2024:

Summary of Revenue – Ms. Khan went over the revenue sources of the budget. The first part of the Budget is Revenue, which includes:

Federal Grants, State Grant Revenue, Michigan Transportation Fund, State Highway Funds, County Raised Revenues, Miscellaneous Revenues, Other Revenue and Use of Fund Balance

Commissioners - Department 10

Managing Director Peivandi stated that Department 10 remained the same with no changes to this department.

Engineering Department – Department 15

Engineering Director Eric Johnston gave an overview of Department 15 – Engineering:

- Labor increased due to 3% salary at will and exempt salary increases, step increases and CBA (union) increases
- Overtime stayed the same.
- Office supplies increased due to the Engineering Department's plotter ink cartridges
- Dues and subscriptions increased \$3,000
- Contracted Services increased due to the Sign Shop now under Engineering. As part of that move, they do pavement markings, which is contracted throughout the county.
- Travel and Training increased by \$2,000 due to additional staff in the department

Maintenance Department – Department 20

Maintenance Director Anthony Branch gave an overview of Department 20 – Maintenance

- Department 20 labor increased due to CBA agreements, step increases and 3% salary increases for at will and exempt salary.
- Overtime stayed the same
- Office supplies remained the same.
- Printing and Binding remained the same.
- Contracted services decreased
- Materials decreased because we have a stock of material.
- Outside Road Equipment Rental stayed the same
- Travel & Training \$2,000 increase.

Overall, the Maintenance Department budget decreased this year.

Fleet Maintenance & Facilities Department – Department 30

Fleet Maintenance & Facilities Director Kendra Love-Brezzell gave an overview of Department 30:

- Labor increased slightly due to yearly step increases, 3% salaried at will and exempt increases and collective bargaining agreements.
- Overtime remained the same
- Office Supplies had a slight increase
- Dues and Subscriptions increased by \$7,000 due to computer software and diagnostic tools for the mechanics.
- Printing and binding had a \$500 increase
- Contracted Services increased due to parts from vendors
- Materials had a slight decrease
- Buildings and Grounds remained the same due to supplies for buildings
- Travel and Training remained the same
- Other expenses remained the same
- Capital Outlay increased \$11,366,078 mainly due to the Metro District Garage project

Finance and Human Resources – Department 70

Finance Director Tracy Khan gave a brief overview of the Finance & Human Resources Department:

- Labor increased slightly due to yearly step increases, 3% salaried at will and exempt increases and collective bargaining agreements.
- Overtime remained the same
- Office supplies remained the same
- Dues and Subscriptions remained the same
- Printing and binding remained the same but may increase to cover printing for the employee handbook but funds are available in department 70.
- Contracted Services increased by \$736
- Materials remained the same
- Travel and Training remained the same
- Other expenses remained the same
- Capital outlay increased \$12,000 due to the proposed automation for accounts payable.

Commissioner Massey said that the Directors have done a fantastic job. However, his major concern is the GCRC's community image and it does not match the internal work we have done. Commissioner Lane added that the Road Commission employees are in a 'no thankful job'. In the winter the public wants the roads plowed sooner and in the summer the public wants the roads fixed but they do not want to be inconvenienced. Deputy Managing Director, Randy Dellaposta said we are continuously working at improving our roads, by getting additional funding from legislatures, communicating with the public and improving our

processes with road building and snow and ice removal. Commissioner Massey added that it is the leaders that need to push this positive image forward with the public.

Administration – Department 81

Deputy Managing Director Randy Dellaposta gave a brief overview of Department 81:

- Labor increased slightly due to yearly step increases, 3% salaried at will and exempt increases and collective bargaining agreements.
- Overtime remained the same
- Office supplies increased \$2,500 due to a increase in staff
- Dues and Subscriptions remained the same
- Printing and binding remained the same
- Contracted Services decreased
- Materials increased due to Safety Department - PPE Reimbursements
- Travel and Training increased by \$1,000 due to safety training
- Other Expenses decreased
- Capital Outlay increased \$40,000 due to computer equipment upgrades.

Department 90 – Non Departmental

Finance Director Tracy Khan gave an overview of Department 90:

- Fringes decreased
- Contracted Services increased by \$14,787 because we added to legal fees
- Utilities had a slight increase (we use an 8 year average)
- Insurance increased by \$46,455 (actual number starting July 1)
- Debt Services – Principal and Interest decreased by \$660,000

Overall decrease of \$1,825,000 for Non-Departmental – Department 90

Commissioner Gehringer asked if jury duty and military pay are included in fringes and do we pay for those employees called for jury duty and military training. Staff replied that yes, jury duty and military training are included in Fringes and we pay for jury duty but not military training. Employees must reimburse us for what they are paid from the government. We do hold employees' jobs that are called back into the military per their collective bargaining agreement.

Secretary's Note: At the August 15, 2023 Board Meeting, Deputy Managing Director Randy Dellaposta made a correction stating that the Road Commission does pay those employees that are out due to military training per the CBA.

Department 91 – Construction

Engineering Director Eric Johnston gave an overview of Construction – Department 91:

Mr. Johnston stated that at the top of the Department 91 spreadsheet are federal and state aid projects, then primary road projects and finally local road projects. On the left side are expenses and the right side are the revenues which is where we are getting the money for those projects.

Federal and State Aid Projects – Included in the Federal/State Aid projects are three years' worth of projects; this year's projects, next year's projects and the following year's projects where the design of the project has to start. When these projects are carried over into the following year, we have to account for that carryover. If there is a project that does not have a carryover then that project is 100% funded in that fiscal year. Projects that say PE only are projects that must be designed that year.

Primary Roads

Many of these projects are based on how much fund balance we have left over in a year. If we take money out of fund balance, that money that was taken out then becomes unavailable for primary road projects. We have to decide how to best serve the Road Commission and the people that we represent. We do not have primary road maintenance programmed into the budget; the only way we can do this is with what is left over in fund balance.

We do budget for drainage structures, signal upgrades, crack seal, micro surfacing (preventative maintenance) in the primary road funding. These project funds were increased to \$700,000 from \$500,000. An example of other projects we have to plan for include a project on Mt. Morris Road Bridge where a vehicle hit the railing yesterday. A portion of the railing has to be replaced. The money will come from this fund and then the insurance collected will be revenue to be put back into the GCRC's coffers.

Included in this funding is culvert replacement projects that are carryovers for five different locations. Two bridge projects Grand Blanc Road Bridge over Jones Creek and Mt. Morris Road Bridge over Butternut Creek are included on the spreadsheet. The designs for the bridges are complete and we are trying to find money to fund these projects. We leave them on here in case we find extra money for funding.

Local Roads SAD (Special Assessment District) Projects – We allocated \$5.5 million, which includes \$500,000 of the county's donation for 10% of the SAD construction costs. We started this program last year with \$500,000 and the townships used \$498,000 of that funding.

Locally Funded Projects using Allocation Funds - This is our 50/50 projects for the local roadways. We pay 50% and the townships pay 50%. In 2018, the Managing Director raised this funding from \$800,000 to \$2.6 million for the Road Commission portion and the townships will match that.

Commissioner Lane noted the Local Road SAD project for Concord Greene and Kings Point Subdivisions in Grand Blanc Township is showing carryover. It was her understanding that they would be finished by October 1 but the spreadsheet is showing a carryover of 40% and 60%. Mr. Johnston stated that we start our budgets in June, so when this spreadsheet is completed we have not even bid these projects out yet so the schedule may not be set. Concorde Greene Subdivision should be completed but Kings Point may go into next year's budget.

Commissioner Gehringer asked if we have contingency funds for emergency repairs that are weather related. Mr. Johnston stated that it comes from fund balance and includes any state aid or federal aid money we can get. We have a little bit in the bridge and culvert funding – we try not to spend any of that unless we know funding has to go somewhere else. Fund balance is there for emergencies.

Chairperson Elkins reiterated that the Board would like to see a five or ten year plan for the Pension Benefit Trust Fund balance getting it into the 80% range in the next five years so we can talk about it as a Board. Ms. Khan answered that she would get this for them.

Commissioner Gehringer asked when the primary road budget and the excess money availability would be determined. Ms. Khan answered she usually has an idea in January after the audit is completed. Mr. Gehringer asked if the Board could receive an accounting of where the primary road funding went and if we have any excess to place into the Defined Benefit Trust Funding.

Commissioner Lane said she is very appreciative of this first year of spending the \$500,000 for the Special Assessment District (SAD) program and that the SAD program is being continued.

Ms. Khan said that this concludes the Fiscal Year Ending September 30, 2024 Budget Presentation and now she asks the Board's authorization to advertise the budget being placed on the table for public viewing and advertisement for the Budget Hearing. This will be advertised on August 21, 2023 and will include the memo for the public viewing. Ms. Lane asked if we could also present this budget to the 17 townships. Mr. Peivandi suggested we make this available at the August 15, 2023 Roads & Bridges Meeting. Mr. Massey asked if we could just put it on our website for the townships. Mr. Dellaposta answered that we already place the summary of the budget on the website.

Chairperson Elkins suggested we change the date of the placement on the table for public viewing to August 15, 2023 as well as the advertisement of the September 06, public hearing and have it available, along with the memorandum for the Roads & Bridges Advisory Committee Meeting.

ACTION TAKEN - Motion by Ms. Lane, seconded by Mr. Smith, to approve placement of the proposed budget for fiscal year ending September 30, 2024 on the table for public viewing on August 15, 2023 along with a copy of the memorandum, and further, approve the advertisement notifying the public of the placement on the table and the budget hearing on Wednesday, September 06, 2023.

VOTE ON MOTION:

Yes: Gehringer, Smith, Massey, Elkins, Lane

No: None

MOTION CARRIED.

ADJOURNMENT

Chairperson Elkins, without objection, adjourned the meeting at 12:12 p.m.

DOMONIQUE CLEMONS

Clerk/Register

Linda B. Kossak, Secretary of the
Board of County Road Commissioners
/lbk 08/08/23