

Village of Bellaire

ADMINISTRATION & PERSONNEL COMMITTEE

Dan Bennett, Chairman

Dave Ciganick

Bryan Hardy

COMMITTEE MEETING MINUTES

February 8, 2022

2:00 PM

I. Call to Order: Meeting was called to order at 2:00 PM

II. Roll Call - Attendance:

Present: Bryan Hardy, Dave Ciganick, and Dan Bennett

Absent: None

Staff Present: Nicole Essad, Clerk; Cathy Odom, Treasurer; Bill Drollinger, Police Chief (left meeting at 3:00PM) and Bradley Keiser, DWP Supervisor

Public Present: Christopher Thompson, DPW

III. Approval of Agenda: The agenda was approved as amended to add item a. Budget under old business.

Motion by Hardy, seconded by Ciganick to approve the agenda as amended. Motion Passed by unanimous voice vote.

IV. Approval of Minutes – January 31, 2022: The minutes of the January 31, 2022 meeting were tabled to the next meeting as the Committee did not have time to review them.

Motion by Ciganick, seconded by Hardy to table the minutes of the January 31, 2022 meeting to the next meeting of this Committee. Motion Passed by unanimous voice vote.

V. Conflict of Interest: None presented.

VI. Public Comment: None presented.

VII. Old Business

- a. Budget:** Treasurer Odom explained a spreadsheet detailing the Downtown Bathrooms and Craven Park projects' revenues, including donations and what was committed from fund balance and expenses for the 2021-22 budget and the proposed expenses for the 2022-23 budget. She explained that the two projects combined were overbudget by approximately \$66,000. DPW Supervisor Keiser stated that he talked to Kearney Township officials and the Township was still discussing what to do with their ARPA money. He stated that Kearney Township has no parks that they maintain, and the Township was thinking of helping with Craven Park project. He will be putting a presentation together for the Township board. General discussion was held about what the ARPA fund could be used for and attending a Township meeting. Chairperson Bennett asked how the projects could be funded. It was noted that the projects

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must be completed and the costs for that completion are necessary. Treasurer Odom stated that the only thing that might be less is irrigation because that was an estimate, and the DPW could do some of the work. Chairperson Bennett stated that he wants Council to take a position on only doing one major project a year. Treasurer Odom also stated that the spreadsheet did not include wages or equipment rental for the DPW. General discussion was held about the expenses to complete the projects and going forward only doing one project a year. Trustee Ciganick asked about the irrigation costs. DPW Supervisor Keiser explained that that was the originally number that was given. Treasurer Odom stated that it was an estimate. General discussion was held about talking to Site One regarding the material list costs, and what needs to happen to complete the irrigation. Trustee Hardy asked about foregoing the irrigation this year. DPW Supervisor Keiser stated that that could not happen because then the grass would not grow at all. He explained that the Bathrooms were over budget a little bit because of retaining walls that needed to be added. He also explained that there were no contingencies in either project budget, which is what made the projects go over budget. He explained that the ballfield was the project that is getting to him. He stated that there was a lot promised but not delivered. General discussion was held about people stating they would donate time and equipment but then handing the Village a bill for some of it. DPW Supervisor Keiser also stated that Jeff Hebden was supposed to spearhead the project, but about August is when he had to step in because things were getting off track. He also stated that the donations that were supposed to come in, have not come in. General discussion was held about what donations were received versus how much was supposed to be received. DPW Supervisor Keiser stated that the fundraising has only netted us the Village \$3,650. Treasurer Odom stated that the score boards have been paid for through donations. General discussion was held about unexpected bills for the ballfields. Treasurer Odom stated that what is left to get them complete are anticipated expenses. DPW Supervisor Keiser spoke with Trustee Drollinger about having a Parks meeting with Jeff Hebden to discussion the ballfield donations and fundraising. Trustee Ciganick stated that there is another \$50,000 on the ballfield projects. He stated that this projected was screwed up so bad. He stated that there should have been written commitments from people. He said the Village was stuck finishing the project to something that can be played on, but there are bathrooms, dugouts, bleachers to still purchase/build. He stated that he would absolutely try to get Mr. Hebden on the hook and ask about where the fundraising and donations he promised were. DPW Supervisor Keiser stated that he is looking at fundraising options that the Village could control, such as t-shirt sales with 45th apparel. He also stated that the Clerk Essad and Treasurer Odom were about to roll out a banner program, but then Mr. Hebden came by with his. General discussion was held about the banner program. Trustee Ciganick stated that even with the Bathrooms, the price went up with changes a few times. He stated that the Village did not do a good job with these projects. He stated that it is a huge learning curve, but let's stop looking backwards and start looking forward to figure-out how to finish the projects

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and pay for them, and get money back into the fund balance that the Village stated should be at 30%. Chairperson Bennett stated that he wants something in place that makes sure that this does not happen again. Trustee Ciganick stated that is called a no vote until the Council sees finite numbers. Trustee Hardy stated that a meeting Parks and Mr. Hebden should take place and ask about the spreadsheet for the ballfields.

Treasurer Odom explained the total compensation report for all employees, as requested by President Bennett. She stated that it includes annual wages, pension contributions, health insurance for each employee. She stated that short-term disability was removed from it. Chairperson Bennett asked if the cost of living and increase in insurance was included. Treasurer Odom stated that yes, the \$1.39 in cost of living and the health insurance increase were both included in the total compensation report. Chairperson Bennett asked if there was any employee that was losing money. He stated that the health insurance the Village pays for is money in the pocket of the employee and so is the cost-of-living increase.

Treasurer Odom explained that an updated budget forecast was given. She added another year, so it covers from 2023-2027. She also explained that the Downtown Restrooms will be its own department, and that was added to the forecast. She explained that she added a cost of goods line item because office staff realized that cost of good will go up on an annual basis. This was estimated at an increase of 1.5%. Treasurer Odom stated that she added another year because of the cuts made at the last meeting lowered the proposed expenses. She stated that this is a bare bones budget for the next four years, and fund balance is still being used every year. She stated that unless something is done, the fund balance will continue to go down until it is at zero. Chief Drollinger stated that taxes will only go up \$10,000 per year. Treasurer Odom stated that is just an estimate, it could go down if the market crashes. Clerk Essad explained that for each year of the forecast a multiplier of 2.5% was used to estimate the tax revenue increase. She stated that office staff tried to do as best as they could to estimate the revenues and expenses in the upcoming years. Trustee Ciganick asked if the same multiplier was used in year three and four. Clerk Essad stated that the 2.5% was used for those years. She also stated that wages, and fringes were increased by 3% to account for cost of living and other rate increases. Chief Drollinger stated that the Downtown Restroom would stay the same over the years. Treasurer Odom explained that no cost of goods was increased in the departments, but that was accounted for in the line-item call "cost of good increase". Clerk Essad stated that the only cost increase to each department was wages and fringes, all other cost increase were noted in the line-item "cost of goods increase". She also stated that for the Downtown Restrooms wages, and fringes were in the property and building line-item. Chief Drollinger asked why the cost of good increase were not added to each department, why was it at the bottom. Clerk Essad stated that was because they did not know where the cost of goods would increase. She stated that the total expenses for the

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General Fund include the cost of good increase. Chief Drollinger stated that this was a guess. Treasurer Odom stated that yes it was. She stated that 3% increase was used for fringes and wages and pension. General discussion was held about the percentage increase for fringes. Treasurer Odom stated that there may be less increase to cost of goods but more increase to fringes. Clerk Essad stated that this forecast is to show that if nothing changes, fund balance will be used every year. She stated that the trend is that the Village is spending more that it is bring in, unless something changes, i.e., gets cut.

Chairperson Bennett stated the DPW Supervisor Keiser put another document at everyone's places. DPW Supervisor Keiser stated that it showed what the approved budgets were for this year and what was spent thus far. These are for funds that DPW oversees (Motor Pool, Water, Sewer, Parks, Cemetery, and Local/Major Streets). He explained each funds approved expenditures and actuals, and that overall, the funds are approximately \$96,000 to the good. He stated that Motor Pool and Parks are the only ones under General Fund. He also explained that Motor Pool brings money into the General Fund, but it was one of the first to have something cut from it. General Discussion was held about the funds that bring in revenue being the funds that get things cut form, when things are cut from employees it does not all go under the General Fund, and why a part time seasonal mower saves General Fund money because a higher wage-earning employee with fringes is being utilized elsewhere. DPW Supervisor Keiser stated that the document was just to show what the DPW has done with its budgets this year.

Chairperson Bennett asked Chief Drollinger about his budget. Chief Drollinger stated that he is over budget this year, but he wanted it noted that the past three years he has given money back. He stated that hiring a third person in the middle of the budget was an unforeseen cost. He stated that he understood that because he turned 60 his short-term disability increased by \$1,000 and if he would have known that he would have been taken off the Village's policy because he pays for that through AFLAC. He also stated that repairs on the vehicles was another reason why he was over budget. He stated that by replacing the vehicles every four years the repairs should be minimal. General discussion was held about maintenance warranty on the vehicles, fuel costs, and the purchase of a new police vehicle.

General discussion was held about how it was not just the two projects that are using the fund balance, but also other things, and how other departments in the General Fund are helping the deficit by being under budget. It was noted that the General Fund is still going to be using fund balance for the 2023-24 fiscal year unless something is cut. Trustee Ciganick stated that simply looking at the total compensation package for the third officer it is about \$40,000 per year. He stated that if you look at the forecast, the fund balance used for each year directly correlates to the third officer. DPW

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Supervisor Keiser stated that if the projects were not done, then this conversation would have been happening in seven years instead of this year. Treasurer Odom stated that she suggested only doing one at a time. She stated that the differences in the future are about the cost of the officer. Chief Drollinger stated that he hates forecasts. He stated that you need to have a really good idea of what is going to happen. Clerk Essad stated that you try to get as close to realistic as possible. She stated that a budget forecast is not set in stone, but it is a tool so that the Village can see the trend to where it is headed financially. She stated that it is a tool that a lot of fiscally responsible municipalities use about every four years to see if cuts need to be made. She also stated that because the fund balance is now around that 30% the Village needs to be more fiscally aware than it has had to be in the past. She stated that if the Committee wants to keep it as it is there will be a positive fund balance for the next four or five years, but it will not be the 30%. She stated that that if the Village wants to try to meet that 30% then the Village will need to start cutting. DPW Supervisor Keiser stated that if it is kept like it is then there is nothing going on. He stated that there are no improvements in the up coming budget. He stated that something must give. He stated that taxes may have to go up or a millage for the police department needs to be passed. Clerk Essad stated that hours could be cut. Treasurer Odom stated that pension amounts could be looked at, health benefits again, etc. Chief Drollinger asked about why the Bathrooms were not being turned over to the DDA. DPW Supervisor Keiser stated that the DDA does not have any money. General discussion was held about the DDA not being able to afford \$7,800 for the bathrooms because they only have \$4000 annually.

DPW Supervisor Keiser stated that the Village needs to find a way to fund the police department because in the upcoming fiscal year it is \$295,000 of the general fund for that department. Treasurer Odom stated that \$49,000 is the new vehicle. General discussion was held about the General Fund supporting the Public Safety Budget, and Motor Pool bringing in revenue for the General Fund but having to cut items. Clerk Essad stated that she ran some numbers, which she did not know if they would be totally accurate, and if the Village did not want to touch the police department, then the Village could cut the Clerk's position to parttime, the Village would save approximately \$30,000 because she would not have health insurance, and would only be getting \$20 per hour, not full amount on the wage scale. Treasurer Odom stated that staff was running different scenarios. DPW Supervisor Keiser stated that the Village taxpayers should not have supplement the County. Trustee Ciganick asked about the mutual aid agreement for police departments. DPW Supervisor Keiser stated that the Village does not get what it gives to other communities.

Chairperson Bennett asked about positive solutions to the problems. Clerk Essad stated that the only positive solution is to get a millage for the police department, or cut hours., pension, or health benefits, She stated that Chairperson Bennett stated in

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the last meeting that he did not think that the police millage would pass, leaving the other options. Trustee Ciganick stated that he thinks that the benefits area moving forward the Village should not contribute any more than it already does. He stated that the Village could not absorb another insurance increase. Chairperson Bennett stated that other places have their employees pay about 20% of the insurance cost. General discussion was held about not having the Village pay for all the insurance costs. Treasurer Odom stated that merit pay could be eliminated. DPW Supervisor Keiser asked how much that would save the General Fund because half of the employees do not come out of General Fund. Clerk Essad stated that if the Village was to cut employees, then those would have to come from the General Fund. Trustee Hardy asked about when the last time the taxes were raised in the Village. Treasurer Odom stated that she did not believe that the millage was increased since she started. She also explained that due to the Headley Amendment the Village can only raise taxes to a certain amount without a vote of the people. She stated that the millage could only be raised 0.02. Trustee Ciganick asked why we can't just raise it that amount. Treasurer Odom stated that the Village could raise it to the maximum, which would only add \$2,000-\$3,000 to the budget. General discussion was held about raising the millage rate for the General Fund and/or Police Millage. DPW Supervisor Keiser stated that he thought it would be better marketed as a Police Millage. General discussion was held about a potential millage for the police department and what the millage rate could be, and that it would be for the 2023-24 fiscal year. Chairperson Bennett stated that before any cuts to staff are done, the millage should be given a try. He stated that it would be difficult. General discussion was held about how wages are allocated to Water and Sewer Funds. General discussion was held about the DPW employees being paid out of the different funds, and that the General Fund is what is upside down currently. It was noted that surrounding communities either had to vote in a millage to keep one fulltime officer, or they had only one full time and several part time. It was further noted that Kalkaska is doing so well because they have money from the state for the marijuana facilities. DPW Supervisor Keiser stated that the General Fund cannot keep dipping into fund balance to pay wages. Treasurer Odom stated that she has always said that the Village must live within its means.

General discussion was held about how much was spent on merit pay last year and what the percentages were for each score, and how much would come from General Fund. Chairperson Bennett stated that it would only hurt the General Fund \$2,000-\$3,000. Trustee Ciganick asked how the Committee in good conscious could burden the General Fund with more liability. Chairperson Bennet stated because the Village was at a point where they have too to be fair to all the employees. Trustee Ciganick stated that the Village could be fair all the way to the broke house. Chairperson Bennett stated with the information they have received, they are all aware there is a problem that needs to be addressed, and they were not aware of it in the past. Trustee Ciganick stated that they knew about it for at least two to three months. Trustee Hardy

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stated that former President Schultz was talking about it. It was the consensus of this Committee to raise the General Fund millage rate to its maximum.

Motion by Ciganick, seconded by Hardy to recommend to the Village Council to consider a Public Safety millage. Motion Passed by unanimous voice vote.

Motion by Ciganick, seconded by Hardy to recommend to the Village Council to forego additional compensation and merit pay in the Fiscal year 2022-23 and forego cost-of-living increase and no additional absorption of insurance costs for the fiscal year 2023-24 for the employees under the General Fund only. Motion Passed by unanimous voice vote.

VIII. New Business

- a. **Merit Pay:** DPW Supervisor Keiser stated that merit pay was based upon if you did your job and there was money left at the end of the year. He asked how the Committee was going to look at the DPW employees, after they saved \$96,000 and tell them they are not getting merit pay this year. He stated that those numbers were through today. Trustee Ciganick stated that all of February was still to go. General discussion was had about the funds DPW oversees and how most of them are under budget. Chairperson Bennett stated that this is a tough spot. He agrees with DPW Supervisor Keiser about his department saving money.

Clerk Essad stated that all employees' scores are in the packet and what each employee's annual wages are. She asked this Committee what percentage they wanted to assign to each score. She explained what the rules for merit pay were (i.e., a score of 3 or more gets merit pay, and every 0.5 increase in score equals 0.25% increase). She explained that if the scores were equal to the same percentages as last year, the total merit pay would be \$5,970.07. Treasurer Odom stated that the General Fund is already at a deficit and February still must be completed. She explained how wages and merit pay were spread out over all the funds. General discussion was held about where merit pay could come from and what employees should get it. Clerk Essad stated that if this Committee wanted to give all employees merit pay, the General Fund would be using more fund balance, but that fund balance would still be able to cover the deficit. She stated that this is not necessarily a good idea because the Council wants to keep the General Fund Fund Balance at 30% of expenses, but it could be done. DPW Supervisor Keiser asked about giving merit pay from funds other than the General Fund. Treasurer Odom stated that she would check with the Auditor to see if that is acceptable. General discussion was held about the clerk and treasurer wages in the budget, and how merit pay could be allocated throughout the funds. Chief Drollinger stated that he had to go to training but is willing to forgo this merit pay to help with the budget. Chairperson Bennett stated that everyone will be treated the same. Chief

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Drollinger stated that this argument is had every year and it is not healthy. Chairperson Bennett stated that every year there will not be the two projects. Trustee Ciganick stated that every year there will be this argument because General Fund is projected to use fund balance every year. Clerk Essad stated that unless you cut hours. Trustee Ciganick stated that one of the biggest expenses is labor. He stated that somewhere along the line the Village has to say stop. He stated that \$1.39 was given plus 30% on top of that for payroll taxes; there was \$14,000 in health insurance costs; short-term disability was taken away, which was a tiny step in the right direction; but the additional compensation in December was given out. He stated that at some point the bleeding must stop. DWP Supervisor Keiser stated that there is a problem with General Fund, and that problem needs to be figured out. Trustee Ciganick stated that the Village is two businesses: 1 the General Fund, and 2 the enterprise funds. General discussion was held about different departments in the Village. Clerk Essad stated that merit pay could be paid this year, but it would mean using more fund balance for this year. She stated that starting next fiscal year the Village could cut hours, pension, or health insurance to stop the bleeding. She stated that merit pay is for the past fiscal year performance. She stated that starting March 1 forward there needs to be a new strategy in place to stop the bleeding that the budget forecast shows. General discussion was held about if there were fund left over for merit pay and in which fund those were in.

Clerk Essad stated that just the DPW employees receiving the merit pay, it would be approximately \$2,900, with the other \$3,000 would be in the General Fund. Treasurer Odom stated if this Committee only did just the DPW, then it would tell the other employees that they did not good job. She stated it did not matter to her what they did but wanted them to be aware. Trustee Ciganick stated that the merit pay is subject to payroll tax. Treasurer Odom also stated that it is included in the pension. Trustee Ciganick stated that the Village pays 40% of raw wages due to payroll tax and pension. General discussion was held about what percentage of wages the evaluation scores would be. Trustee Hardy stated that he wanted to give the merit pay to everyone but from this point forward the Village really needs to look at the fact that if there is nothing there, then there is nothing there. Treasurer Odom stated that if the Committee was considering reducing hours, cutting pension, health benefits, then merit pay could be included in that as well. General discussion was held about the fact that at the budget hearing there will need to be difficult discussions had, and the fact that this have never been an issue before because there was such a large fund balance. Trustee Ciganick stated that the Village voted to reduce the fund balance to the 30% with the projects, but on top of that the Village also hired a third officer. He stated that the Village needs to find the revenue to fund the third officer. He outlined things that could be done to reduce the deficit, such as removing additional compensation in December, remove merit pay, and minimizing cost-of-living increase, until there is a handle on balancing the General Fund. He stated that otherwise hour would need to be

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cut. DPW Supervisor Keiser asked if there was way to differentiate between DPW employees and General Fund employees. He stated that certain funds will keep growing in the green if cuts are made across the board. Trustee Hardy stated that the police millage needs to be figured out.

Motion by Ciganick, seconded by Hardy to ask staff to investigate the ability to pay merit pay for this fiscal year out of the Cemetery Fund, or any other Department other than the General Fund. Motion Passed by unanimous voice vote.

Motion by Ciganick, seconded by Hardy to recommend to the Village Council to spend no more than \$5,000 for merit pay and that that amount shall be divided as closely as possibly to the following rules: an evaluation score of 3 equals 1% and for every 0.5 increase in evaluation score equals a 0.25% increase. Motion Passed by unanimous voice vote.

IX. Correspondence/Reports: None presented.

X. Member/Public Comment: Chairperson Bennett stated that if all the Village officers are out on leave at the same time, that needs to be addressed in the future. Trustee Hardy stated that the mutual-aid agreement needs to be address because Village taxpayers should not be supplementing the County. Trustee Ciganick stated the Chief Drollinger would have more insight on this item. Chairperson Bennett thanked everyone for having an intelligent conversation and not getting personal.

Christopher Thompson stated that the DPW staff is not trying to get rich and are willing to compromise where needed. He stated that he has always questioned the merit pay system in place. He stated that if you work hard and save money then you will get a good review, but you may not get the merit pay. He stated that it is like dangling a carrot before a donkey and never giving it the carrot, and after so long the donkey does not care about the carrot.

XI. Adjourn: The meeting was adjourned at 4:02 PM to the call of the chair.

Minutes compiled by:
Nicole E. Essad, Clerk

Minutes are subject to approval.

Approved: _____

Date: _____