FINANCE & PHYSICAL RESOURCES COMMITTEE MINUTES

Tuesday, April 20, 2004 - 8:30 a.m.
Board Room - County Administration Building

MEMBERS PRESENT: Chair Roger Morgan; Commissioners Dean Agee, Jack Boelema, Gary Rolls, Art Tanis, Richard VanderMolen, James Vaughn, Harold Voorhees, and Fritz Wahlfield.

ALSO PRESENT: County Administrator Daryl Delabbio; Assistant County Administrators Mary Swanson and Wayman Britt; Executive Assistant to the Board Jim Day; Civil Counsel Sherry Batzer; Management Analyst Bethanie Archbold; Purchasing Manager Jon Denhof; Fiscal Services Director Bob White; Deputy Director of Fiscal Services Stephen Duarte; Budget Coordinator Marvin VanNortwick; Facilities Management Director Bob Mihos; Human Resources Director Doug DeFrain; Sheriff Larry Stelma; Chief Deputy Tom Hillen; Emergency Management Coordinator Lt. Jim VanBendegom; Commissioners Harold Mast and Dan Koorndyk; Administrative Health Officer Cathy Raevsky; Deputy Administrative Health Officer Bill Anstey; County Clerk/Register of Deeds Mary Hollinrake; Director of Community Development Ronald Stonehouse; Finance Division Director of Public Works Dan Kendall; Drain Commissioner Roger Laninga; Executive Director of Senior Meals Mike DeVriendt; Assistant Director of Area Agency on Aging Jackie O’Connor; Director of Facilities at the Airport Thomas Ecklund; Land Use Educator for Kent/MSU Cooperative Extension Service Kendra Wills; Director of Equalization David Jager; Deputy Director of Equalization Matt Woolford; Senior Administrative Specialist Sandra Winchester.

NEWS MEDIA: Kyla King, Grand Rapids Press; and David Czurak, Grand Rapids Business Journal.

Mr. Morgan called the meeting to order at 8:15 a.m.

I. BUDGET DISCUSSION – CIP SUBMISSIONS

Mr. Robert White, Director of Fiscal Services, provided the Committee members with a copy of the 2005-2009 CIP Requests. The report included the 2005 requested projects by department, proposed method of financing, and the planned projects for future year’s budgets for long term planning purposes.

Per the County’s CIP policy, the equivalent of 2/10 of a mill, or approximately $3.5 million in General Fund support, is available for CIP projects in FY 2005. There are 46 CIP requests for FY 2005 totaling $10.6 million of General Fund support. All requested projects will go through the review process, which starts with the first CIP Review team (CIPRT) meeting on April 21. When the review process is completed in mid-May, the administrative recommendations will be presented to the Finance Committee.

Mr. VanderMolen questioned how the projects at the Zoo will be handled if the millage passes in August.

Mr. White explained that even if the millage passes, staff will look at projects that are safety-related at the Zoo as it will remain operational at least through 2008.
II. PUBLIC COMMENT

None.

III. CONSENT AGENDA

a) Approval of the Minutes of March 16, 2004
b) Auditing of Checks and Purchase Order Activity – See Attachment A
   Road Commission - $851,168.98
   Warrants – 27391 – 27596 for period ending March 24, 2004
   Road Commission - $1,175,712.03
   Warrants – 27600 – 27806 for period ending April 7, 2004
   Road Commission - $2,321,353.30
   Warrants – 27807 – 28018 for period ending April 21, 2004
c) Administrator’s Office – Quitclaim Deed to Road Commission – Bd. 4/22
d) Board of Commissioners – Travel Request – Commissioner Art Tanis
e) Community Development – Annual Action Plan and Budget Amendment – Bd. 4/22
h) Health – PBX Phone System Funding – Bd. 5/13
i) Various - Bid Awards
j) Various - CIP Expenditures

Mr. Rolls requested that item 3d be removed from the Consent Agenda.

Mr. VanderMolen moved to approve the remaining items on the Consent Agenda as presented.

Supported by Mr. Tanis.

Motion carried.

IIID. BOARD OF COMMISSIONERS OFFICE – TRAVEL REQUEST – COMMISSIONER TANIS

Mr. Delabbio stated that approval is requested for Commissioner Tanis to attend the 2004 Michigan Homeland Security Training Conference in Grand Rapids, Michigan, at an estimated cost of $400. A summary of the request follows.

- Commissioner Tanis is a member of the State of Michigan's Emergency Response Commission and is the Vice-Chair of the Local Emergency Planning Committee (LEPC).

The estimated cost is $400 and funds are available in the 2004 Board of Commissioners’ Budget – Travel Conferences.

Mr. VanderMolen moved to approve the travel request for Commissioner Tanis as presented.

Supported by Mr. Wahlfield.

Mr. Rolls asked if the County Administrator is recommending the travel request.

Mr. Delabbio explained that he normally does not make a recommendation for Commissioners’ travel requests.

Mr. Wahlfield stated that Mr. Tanis is a well-qualified person to send to this conference.

Motion carried.

IV. BOARD OF COMMISSIONERS/ADMINISTRATOR’S OFFICE – CUSTOMER SERVICE INFORMATION CENTER

Mr. Delabbio stated approval is requested to recommend to the Board of Commissioners to approve an agreement between the County of Kent and the City of Grand Rapids to provide funding for the Customer Service Information Center (Monroe Lobby of City Hall/County Administration Building Complex). This item is proposed to go to the Board on May 13, 2004. A summary of the request follows.

• The City of Grand Rapids has funded and operated the Customer Service Information Center (CSIC) in the Monroe Lobby of the City Hall/County Administration Building Complex since September 1999.

• The CSIC has assisted over 235,000 citizen requests for both City and County services. Based upon statistics compiled by the CSIC, approximately 30 percent of all assistance provided and 60 percent of the walk-in customers seek County direction or information.

• The cost to operate the CSIC is approximately $107,000 annually. The City has approached the County about assisting in funding the CSIC, proposing that 40 percent ($42,695) of the CSIC be funded by the County.

• Staff has reviewed the proposal, which also includes a provision for the CSIC to answer the County’s main telephone line, thereby enabling support staff in the Board and Administrator’s Offices to concentrate on providing support work in those areas. Staff is recommending that the County consider partnering with the City to fund this operation, effective July 1, 2004.
The cost is $42,695 annually. The funding recommendation is to appropriate $21,348 from the County’s unreserved/undesignated fund balance for the remainder of 2004 which is from July 1, 2004, to December 31, 2004 (current balance: $33,113,000); include funding in subsequent years’ budgets.

Mr. Vaughn moved to recommend to the Board of Commissioners approval of an agreement between the County of Kent and the City of Grand Rapids to provide funding for the Customer Service Information Center (Monroe Lobby of City Hall/County Administration Building Complex).

Supported by Mr. VanderMolen.

Mr. Rolls asked for additional details on how the transition will physically happen.

Mr. Delabbio explained that currently the County’s information line (800 line and 336-3600) is answered by the Administrator’s Office. Under the proposal, these calls will ring directly to the Customer Information Center. The individual working at the Information Desk will be trained on where the County-related questions should be referred. The other issue is that the City has been funding the Information Center and the County has been benefiting from it over the years.

Mr. Tanis asked if a live person will be answering the calls.

Mr. Delabbio answered yes.

Mr. VanderMolen stated he concurs with having a personal touch. He added that he agrees that the County should be paying its fair share of the service since it does assist customers looking for County offices.

Motion carried.

V. EQUALIZATION – 2004 EQUALIZATION REPORT

Mr. Delabbio stated approval is requested to recommend to the Board of Commissioners to adopt the 2004 Equalization Report. This item is proposed to go to the Board on April 22, 2004. A summary of the request follows.

• The Bureau of Equalization has completed its review of the 2004 assessment rolls of the 21 townships and 9 cities of Kent County.

• The Bureau of Equalization recommends adoption of the equalized value of the real and personal property in the total combined amount of $20,930,699,290. This is an increase of approximately 5.08 percent over the 2003 SEV of $19,917,947,580.
The equalized values have been prepared in accordance with MCLA 211.34, as amended, and in time to be submitted to the State Tax Commission by the required deadline of May 3, 2004. The Committee members received a copy of the final report in their agenda packet.

There is no funding required.

Mr. Tanis moved to recommend to the Board of Commissioners adoption of the 2004 Equalization Report.

Supported by Mr. Agee.

Mr. David Jager, Director of Equalization, noted that the 5.08 percent increase over the 2003 SEV would equal a little over $4 million in revenue to the County.

Motion carried.

VI. FISCAL SERVICES/BOARD OF COMMISSIONERS – THIRD AMENDMENT FOR CONSTRUCTING, OPERATING, MAINTAINING, AND FINANCING BUILDING TO BE USED BY AREA AGENCY ON AGING

Mr. Delabbio stated approval is requested to recommend to the Board of Commissioners authorization of an amendment of the Lease Agreement with the Area Agency on Aging, for occupancy of a building located at 1279 Cedar Street N.E. This item is proposed to go to the Board on May 13, 2004. A summary of the request follows.

- On June 3, 1991, the County entered into a three-party “Construction, Maintenance, and Financing Agreement” with the Kent County Building Authority and Area Agency on Aging (AAA) for a building to be located at 1279 Cedar Street N.E.

- The current outstanding bonded indebtedness for this facility includes a maturity schedule with a final redemption on June 1, 2016. The current “lease” with AAA runs through a term which expires on August 31, 2008.

- The current annual lease payments (revenue) approximate $109,000 per annum with debt service payments averaging in excess of $130,000 per annum.

- This proposed third amendment to the original agreement would extend the term of the “lease” to June 1, 2016. This extended termination date is consistent with the final payment on the current outstanding bond issuance.

- The revised “lease” also establishes an extended rental payment schedule which provides for coverage of continuing debt service requirements and amortization of current accumulating deficit (shortfall between current lease payments and required debt service obligations).
The Amendment deletes reference to “…upon expiration of said term, the Agency (AAA) shall vacate the project…” and replaces it with “…the parties agree to enter into good faith negotiations to either sell to or further extend the agreement with the Agency.”

Funds are available in the 2004 Budget.

Mr. VanderMolen moved to recommend to the Board of Commissioners authorization of an amendment of the Lease Agreement with the Area Agency on Aging, for occupancy of a building located at 1279 Cedar Street N.E.

Supported by Mr. Wahlfield.

Mr. VanderMolen then proposed to insert a sentence to item 3 of the Agreement, Section 31 as follows: (the added information is in capital letters).

31. Term of Agreement. The term of this Agreement shall become effective as of the day and year first above written and shall remain in effect until June 1, 2016, the expiration of the lease term referred to in Section 10 hereof. UPON EXPIRATION OF SAID TERM, NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THIS AGREEMENT, THE COUNTY SHALL CONVEY ITS INTEREST IN THE PROJECT TO THE AGENCY BY QUIT-CLAIM DEED FOR $1.00.

Mr. VanderMolen moved to amend the motion to insert the sentence to the Agreement and Resolution as indicated above.

Supported by Mr. Wahlfield.

Mr. VanderMolen explained that quite a few years ago a decision was made that the Area Agency on Aging building would be sold to them for $1.00 when the bonds were paid off. However, this information was not put in writing in the initial Agreement. Four past Chairs of the Board and the former Deputy Controller have certified their understanding that the building would indeed be sold back to AAA for one dollar.

Mr. Voorhees asked if the County has any investment in the facility.

Mr. Morgan explained that the County bonded the building and AAA has been making the bond payments. AAA has also been taking care of the maintenance costs, etc.

Mr. Voorhees asked if the property will become taxable when AAA takes over ownership.

Mr. Morgan answered that their tax status would still make them exempt from paying property taxes.

Motion carried.
VII. FISCAL SERVICES – KENT COUNTY 2004 REFUNDING BONDS
WYOMING WATER SUPPLY SYSTEM

Mr. Delabbio stated that approval is requested to recommend to the Board of Commissioners to authorize the issuance of Kent County 2004 Refunding Bonds (Wyoming Water Supply System). This item is proposed to go to the Board on May 13, 2004. A summary of the request follows.

- In 1995, the County authorized the pledge of its “Full Faith & Credit” on a certain bond issuance intended to finance improvements to the Wyoming Water Supply System.

- With the recent significant decrease in tax-exempt interest rates, the City of Wyoming has petitioned Kent County, acting through its Board of Public Works, to issue certain refunding bonds and thereby achieve a significant present value savings on future bond interest payments.

- The proposed resolution will authorize a bond issuance in the sum of not to exceed $5.75 million, the pledge of “Full Faith and Credit” on the new bonds, the form of the bonds, granting of authority to the Board of Public Works (BPW) to enter into a bond purchase agreement, authority to the BPW to approve an official statement and authorize the execution of other documents, as necessary, in order to close on the issuance of the proposed bond refinancing.

- Savings achieved by the issuance of these bonds will accrue to the City of Wyoming-Water Supply System by means of a reduction in prior approved contract debt service payments. The net present value savings, based on interest rates quoted March 10 would approximate $341,000.

The costs of issuance are to be paid from bond proceeds.

Mr. Voorhees moved to recommend to the Board of Commissioners authorization of the issuance of Kent County 2004 Refunding Bonds (Wyoming Water Supply System).

Supported by Mr. VanderMolen.

Motion carried.

VIII. KENT/MSU EXTENSION – PURCHASE OF DEVELOPMENT RIGHTS OPTION, GRANT APPLICATION, BUDGET APPROPRIATION AND PURCHASE AGREEMENT

Mr. Delabbio stated approval is recommended to approve offering an option for the purchase of development rights on the five parcels as recommended by the Agricultural Preservation Board, to approve submission of a grant application for 50 percent of the cost of the
development rights, to appropriate any federal grant funds received to the Farmland Preservation Budget, and to authorize the exercise of the option and purchase the development rights on any lands approved for funding by the USDA NRCS Michigan Farm & Ranch Land Protection Program and for which local match (including the local share of development rights, appraisals, closing costs and option fees) has been secured. This item is proposed to go to the Board on April 22, 2004. A summary of the request follows.

- The Board of Commissioners approved the Purchase of Development Rights Ordinance on November 26, 2002, and on October 23, 2003, approved selection criteria for the purchase of development rights by the County, and authorized the Agricultural Preservation Board to accept applications from landowners to participate in the program.

- The County Agricultural Preservation Board received 44 applications for more than 5,300 acres from 11 townships; 27 out of the 44 applications met the federal criteria of the United States Department of Agriculture-National Resources Conservation Service (USDA-NRCS) Michigan Farm & Ranch Land Protection Program, a federal program which provides up to 50 percent of the cost of the development rights through a competitive grant program. Applications to the federal program are due on May 3, 2004.

- As of April 16, 2004, the County has secured $854,400 in local matching funds which are available for this grant cycle. In addition to the 50 percent share which is not eligible for federal grant funding, the local grant funds are being used for appraisals, closing costs and option fees.

- The Agricultural Preservation Board is recommending that options for the purchase of development rights be extended to five properties, based on their compliance with the federal criteria, the County criteria, and the availability of matching funds.

- The option agreement was drafted by County Counsel and has been reviewed and approved as to form.

The cost/funding recommendation is as follows: Not-to-exceed $2,164,390; Accept $1,067,020 from the USDA-NRCS; $854,400 is available in the Farmland Preservation Fund Budget. No County General Funds are appropriated.

Mr. Wahlfield moved to recommend to the Board of Commissioners approval to offer an option for the purchase of development rights on the five parcels as recommended by the Agricultural Preservation Board, to approve submission of a grant application for 50 percent of the cost of the development rights, to appropriate any federal grant funds received to the Farmland Preservation Budget, and to authorize the exercise of the option and purchase the development rights on any lands approved for funding by the USDA NRCS Michigan Farm & Ranch Land Protection Program and for which local match (including the local share of development rights, appraisals, closing costs and option fees) has been secured.

Supported by Mr. Rolls.
Mr. Voorhees questioned if the County has a Farmland Preservation Fund Budget.

Ms. Mary Swanson, Assistant County Administrator, explained that the Board of Commissioners established a Farmland Preservation Fund Budget in which to deposit these funds when they are received.

Mr. Voorhees asked if the County is advancing funds to this budget.

Ms. Kendra Wills, Land Use Educator for Kent/MSU Cooperative Extension, explained that there are no County General Funds involved. The State is supposed to provide up to 25 percent of matching funds; however, because of budget constraints they are currently not doing that. As a result, it is 50 percent Federal funds and 50 percent local match.

Mr. Voorhees questioned if any of the landowners have contributed matching funds.

Ms. Wills answered that at this point in time, they have not received funds from the landowners. Thus far they are only spending the local matching funds that have been raised from various Foundations, etc.

Mr. Voorhees asked for a list of the dollar amounts and the names of the organizations that have provided matching funds.

Ms. Wills provided the Committee with the following information.

- $500,000 from Wege Foundation
- $200,000 from Steelcase Foundation
- $100,000 from Grand Rapids Community Foundation
- $50,000 from Lowell Area Community Fund
- $4,400 from Grattan Township

Total: $854,400

Mr. Agee asked about the parcels of property on the so-called “Ridge” area in Kent County. He did not see those properties listed in the recommendation.

Ms. Wills explained that the top four scoring parcels are in “The Ridge” area, however, local matching funds are currently not available for those particular parcels. She added that they will continue to look for funds for those properties.

Mr. Boelema asked how many acres of land are in the recommended parcels.

Ms. Wills answered that there is just under 500 acres.
Yeas: Commissioners Agee, Boelema, Rolls, Tanis, VanderMolen, Vaughn, and Wahlfield.

Nays: Commissioner Voorhees.

Motion carried.

IX. SHERIFF – EMERGENCY MANAGEMENT ASSISTANCE COMPACT

Mr. Delabbio stated that approval is requested to recommend to the Board of Commissioners the Michigan Emergency Management Assistance Compact (MEMAC) agreement to provide coordination and cooperation with state and local agencies in emergency activities. This item is proposed to go to the Board on May 13, 2004. A summary of the request follows.

- The MEMAC, in accordance with the Emergency Management Act (P.A. 390 of 1976), as amended, is a statewide inter-jurisdictional mutual assistance compact that provides guidance and direction to local units that wish to provide assistance to other communities at the time of an emergency or disaster. The compact allows the Michigan State Police – Emergency Management Division to be the focal point and coordinating agency for all emergency and disaster response activities.

- The agreement provides for an effective, efficient and collective multi jurisdictional response to provide additional resources and includes:
  - Providing structure for common procedures and expectations
  - Addressing concerns related to liability, insurance and reimbursement
  - Has support of broad based responder organizations
  - Providing for reimbursement of all eligible costs from requesting party and to assisting parties
  - Supports subsequent reimbursement of eligible costs from the federal government to the requesting party in the event of a federal disaster declaration
  - Supplementing existing mutual aid agreements between adjoining communities

There is no funding required.

Mr. Tanis moved to recommend to the Board of Commissioners approval of the Michigan Emergency Management Assistance Compact (MEMAC) agreement to provide coordination and cooperation with state and local agencies in emergency activities.

Supported by Mr. Vaughn.

Lt. Jim VanBendegom, Emergency Management Coordinator, then summarized the details of the Compact to the Committee members. In short, he stated that this compact will provide vital resources at the time of a major community emergency or disaster. The compact
utilizes the all hazard approach to preparedness and addresses all types of natural, man-made, technological and terrorist events.

Motion carried.

X. SHERIFF – EMERGENCY MANAGEMENT – SOLUTION AREA PLANNER – 2003 STATE HOMELAND SECURITY GRANT PROGRAM PART II

Mr. Delabbio stated that approval is requested to recommend to the Board of Commissioners to create the job classification “Solution Area Planner” (UAW 24) as required by the 2003 State Homeland Security Grant Program (SHSGP) Part II to perform the research and data collection functions specified by the Grant Agreement; to add one Solution Area Planner position to the Emergency Management Division of the Sheriff’s Department; accept a SHSGP Solution Area Planner Grant from the Michigan Department of State Police; and to appropriate $73,000 from Estimated Revenues to the Sheriff’s 2004 Special Projects budget. This item is proposed to go to the Board on April 22, 2004. A summary of the request follows.

- The 2003 State Homeland Security Grant Program Part II provides federal pass-through funds to the County to hire a “Solution Area Planner” to perform research and provide data to support community Homeland Security activities.

- There is currently no classification in the County that performs the functions specified in the Grant Agreement.

- The classification “Solution Area Planner” has been documented and assigned to UAW Range 24 based on job functions and required knowledge and skills.

- Adding a position in this classification will enable the Sheriff’s Department to comply with the requirements of the grant.

- The total annual salary cost for the position, $53,987, will be funded by the grant.

- This is a grant-funded position, so pursuant to the County’s Fiscal Policies on Grants, coupled with the current moratorium on adding new positions requiring a general fund appropriation, in the event that funding is eliminated or reduced, the position will be eliminated unless continuation of funding is approved pursuant to the Fiscal Policy on Grants.

- This item was approved by the Legislative and Human Resources Committee on April 13, 2004.

The cost is $73,000 and funds will come from a grant from the Michigan Department of State Police. No County General Funds are required.
Mr. Vaughn moved to recommend to the Board of Commissioners approval to create the job classification “Solution Area Planner” (UAW 24) as required by the 2003 State Homeland Security Grant Program (SHSGP) Part II to perform the research and data collection functions specified by the Grant Agreement; to add one Solution Area Planner position to the Emergency Management Division of the Sheriff’s Department; accept a SHSGP Solution Area Planner Grant from the Michigan Department of State Police; and to appropriate $73,000 from Estimated Revenues to the Sheriff’s 2004 Special Projects budget.

Supported by Mr. Rolls.

Mr. Boelema questioned the difference of the salary of $53,987 and the grant in the amount of $73,000.

Lt. VanBendegom explained that the Human Resources Department reviewed the position and decided on an appropriate salary. The $73,000 grant will cover the salary, and also it will cover additional benefit costs should that happen.

Mr. Vaughn asked who the Planner will report to.

Lt. VanBendegom explained that the individual will be housed in his office, and will work with the City of Grand Rapids, the City of Kentwood as well as Kent County. He added that the grant runs through April of 2005.

Mr. Rolls thanked Lt. VanBendegom for a job well done.

Mr. Tanis added that this position is a perfect example of inter-governmental cooperation.

Motion carried.

XI. MISCELLANEOUS

(A) General Fund

Mr. Wahlfield noted that there were 15 items on the agenda and nine of them did not require General Fund monies.

(B) National Democratic Convention

Mr. Vaughn stated that a couple of weeks ago he was chosen to attend the National Democratic Convention in Boston in July.
XII. ADJOURNMENT

There being no other business for discussion, Mr. Morgan declared the meeting adjourned at 9:13 a.m.

ADMINISTRATIVE APPROVAL FOR DISTRIBUTION__________________________

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