



Wexford County

FINANCE AND APPROPRIATIONS COMMITTEE

Michael Musta, Chair

NOTICE OF MEETING

The Finance & Appropriations Committee of the Wexford County Board of Commissioners will hold a regular meeting on Thursday, September 10, 2020 beginning at 4:00 p.m. in the Commissioners' Room, Third Floor, 437 E. Division St., Cadillac, Michigan.

TENTATIVE AGENDA

- A. CALL TO ORDER
- B. ROLL CALL
- C. ADDITIONS / DELETIONS TO THE AGENDA
- D. APPROVAL OF THE AGENDA
- E. APPROVAL OF THE AUGUST 26, 2020, REGULAR MEETING MINUTES 1
- F. PUBLIC COMMENTS
The Committee welcomes all public input.
- G. AGENDA ITEMS
 - 1. Approval of Claims (*A. Nyman, County Clerk*)
 - 2. Year-to Date Revenue & Expense Reports- July25
 - 3. MERS Payment.....27
 - 4. Budget Amendment(s)52
- H. CORRESPONDENCE
- I. ADMINISTRATOR'S COMMENTS
- J. PUBLIC COMMENTS
- K. COMMITTEE COMMENTS
- L. CHAIR COMMENTS
- M. ADJOURN

COUNTY OF WEXFORD
FINANCE & APPROPRIATIONS COMMITTEE MEETING
 REGULAR MEETING MINUTES
 August 26, 2020

The meeting was called to order by Chairman Musta at 4:00 p.m. in the Commissioners' Room of the Courthouse.

Members Present: Mike Musta, Brian Potter, Gary Taylor and Julie Theobald
 Members Absent: None
 Also Present: Jami Bigger, Executive Assistant/HR Coordinator; Janet Koch, County Administrator; Kristi Nottingham, Treasurer; Alaina Nyman, Clerk

ADDITIONS OR DELETIONS TO THE AGENDA

Added: G.5. Resolution 2020 Supporting Secondary Road Patrol Grant Application; G.6. Canteen Services Inc. Agreement

APPROVAL OF THE AGENDA

A motion was made by Taylor and supported by Potter to approve the agenda, as amended. A vote was requested. All in favor.

APPROVAL OF THE MINUTES

A motion was made by Theobald and supported by Potter to approve the August 13, 2020 Regular Meeting Minutes. A vote was requested. All in favor.

PUBLIC COMMENTS

None.

AGENDA ITEMS

G.1. Approval of Claims

A motion was made by Taylor and supported by Theobald to pay the bills in the amount of \$181,620.71.

Ms. Nyman stated nothing has been added and the amount is much lower than last time.

A vote was called. All in favor.

G.2. Veterans Serving Veterans Request for Octagon Building Funds

A motion was made by Potter and supported by Theobald to forward a recommendation to the full board to approve releasing all funds from Fund 499 to the Community Foundation's Octagon Building Fund.

It was noted that the fund has a balance of \$354.47.

A vote was called. All in favor.

G.3. CDBG Grant Discussion

Ms. Koch explained the Michigan Economic Development Corporation (MEDC) is offering a Community Development Block Grant (CDBG) to counties for COVID-19 expenses. The County's allocation is a non-competitive grant. It is unclear at this point how the money can or will be spent. The MEDC is requesting the BOC Chair sign a letter to agree to proceed or not to proceed.

A motion was made by Potter and supported by Taylor to forward a recommendation to the full board to agree to proceed with the process to obtain CDBG reimbursement of COVID expenditures. A vote was called. All in favor.

G.4. Budget Amendment(s)

There were no budget amendments.

G.5. Resolution 2020 Supporting Secondary Road Patrol Grant Application – Attachment 1

A motion was made by Theobald and supported by Taylor to forward a recommendation to the full board to approve Resolution 20-20 Supporting Wexford County Secondary Road Patrol and Traffic Accident Prevention Program Grant Application.

Commissioner Taylor stated this is a renewal.

A vote was called. All in favor.

G.6. Canteen Services Inc. Agreement – Attachment 2

A motion was made by Potter and supported by Theobald to forward the 3-year agreement between Wexford County Sheriff's Office and Canteen Services, Inc. to the full board for approval. A vote was called. All in favor.

CORRESPONDENCE

None.

ADMINISTRATOR'S COMMENTS

Ms. Koch, County Administrator, reported the following:

July Revenue & Expense Report

- The July Revenue and Expense Report will be included in the next Finance Committee packet.

Consensus Revenue Estimating Conference

- The conference was held on Monday. The numbers are a lot better than the May revenue estimates but are still not good. The expectation is 60% economic recovery by year end. There is still a lot of uncertainty about FY21, both for revenue and expenditures but they are cautiously optimistic.

Health Insurance Increase

- The average increase for other groups is trending at 7% for medical and 6% for dental and vision. The increase for the County has not been reported yet.

Status of Hazard Pay Grant Application

- She has not heard from the Treasury about a payment.

Revenue Sharing

- The County will get \$255,582 instead of \$164,424, an increase of over \$90,000. The funds will be disbursed on August 31st. The County will still have to qualify for all of the funds. The “Funding acceptance packet” is not yet available.
- Ms. Koch also stated any CRLGG funds expended on noneligible CARES Act expenditures or are not expended by December 30, 2020 shall be returned to the Michigan Department of Treasury by January 30, 2021.

MERS Extra Payment

- Ms. Koch will consult with Treasurer Nottingham and Financial Advisor, Corinna Hervey, about a lump sump payment to MERS. A recommendation will be brought to the next Finance Committee meeting.

PUBLIC COMMENTS

None.

COMMITTEE COMMENTS

None.

CHAIR COMMENTS

None.

ADJOURN

A motion to adjourn was made by Taylor and supported by Potter at 4:13 p.m. A vote was called. All in favor.

Michael Musta, Chairman

Jami Bigger, Recording Secretary

BOARD OF COMMISSIONERS COMMITTEE AGENDA ITEM

COMMITTEE: Finance
FROM: Administration
FOR MEETING DATE: August 26, 2020
SUBJECT: Resolution 20-20 Supporting Wexford County Secondary Road Patrol and Traffic Accident Prevention Program Grant Application

SUMMARY OF ITEM TO BE PRESENTED:

The annual grant application for Secondary Road Patrol is attached for consideration. This grant will cover 1 secondary road patrol position. The grant covers salary/wage, fringe benefits, mileage reimbursement and operating expenses for a total state allocation of \$32,190. The allocation has decreased from last year's grant by \$14,995.

RECOMMENDATION:

Forward Resolution 20-20 Supporting Wexford County Secondary Road Patrol and Traffic Accident Prevention Program Grant Application to the full board with a recommendation to approve.

Minutes of a regular meeting of the Wexford County Board of Commissioners, held at the Wexford County Courthouse, 437 E. Division St., Cadillac, Michigan on the second day of September 2020 at 4:00 p.m.

PRESENT: _____

ABSENT: _____

The following preamble and resolution were offered by Commissioner _____ and supported by Commissioner _____.

**RESOLUTION NO. 20-20
SUPPORTING WEXFORD COUNTY SECONDARY ROAD PATROL AND TRAFFIC ACCIDENT
PREVENTION PROGRAM GRANT APPLICATION**

BE IT RESOLVED, that the Wexford County Board of Commissioners supports the Secondary Road Patrol and Traffic Accident Prevention Program Application for the period October 1, 2020 to September 30, 2021 in the amount of \$32,190 on this date of September 2, 2020.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

AYES: _____

NAYS: _____

RESOLUTION DECLARED ADOPTED.

Gary Taylor, Chairman, Wexford County Board of Commissioners

Alaina M. Nyman, County Clerk

STATE OF MICHIGAN)
) ss.
COUNTY OF WEXFORD)

I hereby certify that the foregoing is a true and complete copy of Resolution 20-20 adopted by the County Board of Commissioners of Wexford County at a regular meeting held on September 2, 2020, and I further certify that public notice of such meeting was given as provided by law.

Alaina M. Nyman, County Clerk

**SECTION C: SECONDARY ROAD PATROL AND
 TRAFFIC ACCIDENT PREVENTION PROGRAM APPLICATION**

I. Application and Contract Signature Page

This application is made under P.A. 416, as amended, in the amount and for the purpose set forth. On the basis of the information provided in this application and detailed budget submitted by the county, an award will be made to the county in the amount and for the period stated, and is subject to the Contract Conditions and Requirements. This agreement becomes effective as of the date county representatives are notified by OHSP.

We certify that the information contained in this application including, but not limited to, the Methods and Procedures and Budget Detail, is accurate to the best of our knowledge. We agree to comply with P.A. 416, the Contract Conditions and Requirements, Generally Accepted Accounting Principles, and OHSP policies with the understanding that failure to do so is cause for termination of the grant.

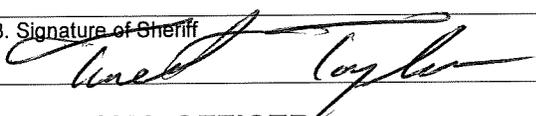
A. REQUESTOR INFORMATION

1. Applicant County Wexford County Sheriff's Office	2. Federal Employer ID Number 38-6007337
3. Fiscal October 1, 2020, to September 30, 2021	

B. CHAIRPERSON, COUNTY BOARD OF COMMISSIONERS

4. Name Gary Taylor	5. Telephone Number 231-779-9453	
6. Street Address 437 E Division St	7. City Cadillac	8. ZIP Code 49601
9. State Agency with which County EEO is on file:		
10. Signature of Chairperson		11. Date

C. SHERIFF

12. Name Trent J Taylor	13. Telephone Number 231-779-9216	14. Email Address ttaylor@wexfordcounty.org
15. Street Address 1015 Lincoln St	16. City Cadillac	17. ZIP Code 49601
18. Signature of Sheriff 		19. Date 8-20-2020

D. FINANCIAL OFFICER

20. Name Kristi Nottingham	21. Telephone Number 231-779-9476	
22. Street Address 437 E Division St	23. City Cadillac	24. ZIP Code 49601
25. Signature of Financial Officer		26. Date

E. PRIMARY CONTACT PERSON FOR SRP PROGRAM

27. Name and Title Lieutenant Richard Denison	28. Telephone Number 231-779-9216	
29. E-mail Address rdenison@wexfordcounty.org	30. Fax Number 231-779-0218	

Only original signatures will be accepted
FOR OHSP USE ONLY

Date Application Received	Contract Number
AUTHORITY: MCL 28.31, MCL 51.76, MCL 51.77, as amended	COMPLIANCE: Voluntary; however, failure to complete will result in a denial of funding

II. Maintenance of Effort Base Data

County-Funded Deputies

<p>Report the number of county-funded, full-time certified deputies employed by, or budgeted for, the sheriff's department as of the dates indicated below. The source of funding for the deputies (i.e., other grants, local contractual arrangements, etc.) is not a deciding factor in determining whether the county meets the maintenance of effort requirement. Do not include P.A. 416-Funded Road Patrol Deputies.</p>			
County-Funded, Full-Time Certified Deputies	1) As of 9/30/78	2) Current	3) Budgeted for Upcoming Fiscal Year (October 1 – September 30)
Total Number	9	25	25
Number Whose Primary Duty is Road Patrol	9	16	25

III. Methods and Procedures

INSTRUCTIONS: Indicate how your department will utilize the funds allocated by selecting each box that describes an activity engaged in by your county's SRP Deputies. If "other" is selected, provide a description of the activity. All activities must be allowable under the provisions of P.A. 416 and must be consistent with the submitted budget.

- Patrol and monitor traffic violations on secondary roads.
- Investigate crashes involving motor vehicles on secondary roads.
- Provide emergency assistance to persons on secondary roads.
- Enforce violations of criminal laws which are observed by or brought to the attention of the sheriff's department while patrolling secondary roads.
- Enforce laws in state parks and county parks within the county.
- Provide a vehicle inspection program.
- Provide traffic safety information and education programs.
- Other (please describe)

Additional Information: |

IV. Resolutions, Contracts, and Law Enforcement Plan

- A. List each city or village which has requested, by resolution, that the sheriff's department provides services within its boundaries. If none, note N/A.

Note: Include a copy of each resolution. If any new resolutions are adopted during the fiscal year, immediately forward a copy to OHSP.

N/A

- B. List each township, city, or village that contracts with the sheriff's department to provide law enforcement services. If none, note N/A.

Note: Include a copy of each contract. If any new contracts are acquired during the fiscal year, immediately forward a copy to OHSP.

N/A

- C. Include a copy of your most current Law Enforcement Plan with MSP for the unincorporated areas of the county.

Note: Law Enforcement Plans shall be updated at least every four years, following a sheriff's election.

VI. Budget Detail

INSTRUCTIONS: The budget must be completed in detail and shall only cover the period for which this application is made.

Note: Round to whole dollar amounts (except in rates and calculations).

A. PERSONNEL

SALARIES AND WAGES			
POSITION TITLE	SALARY RATE	% OF TIME ON P.A. 416 ACTIVITIES	COST
SRP Deputy	24.92	100	51834
Holiday Pay			2392
Sick Pay			1196
			\$
			\$
OVERTIME			\$200
LONGEVITY	\$30.00 x years of service		\$420
SUBTOTAL			\$56042

FRINGE BENEFITS		
FICA	PERCENT 7.65	\$4287
RETIREMENT	PERCENT 1290 x 12 months	\$15480
HOSPITALIZATION	AVG/EMPLOYEE/MONTH \$1408.75 x 12	\$16905
WORKERS COMPENSATION	RATE/\$100 IN WAGES \$3.35	\$1878
OTHER INSURANCE (please identify) Sick and Accident	40 hrs wage x 70% x .0735 x 12	\$615
		\$
		\$
		\$
		\$
SUBTOTAL		\$
TOTAL PERSONNEL		\$95207

C. EQUIPMENT

Must include detailed description of equipment to be purchased

DESCRIPTION	QUANTITY	PURCHASE PRICE	COST
			\$
			\$
			\$
TOTAL EQUIPMENT			\$

D. OPERATING EXPENSES

DESCRIPTION OF EXPENSE	RATE	COST
PRINTING/SUPPLIES		\$
CLEANING/CLOTHING ALLOWANCE		\$500
TRAINING		\$
RADIO MAINTENANCE CONTRACTS		\$
MISCELLANEOUS (describe)		\$
TOTAL OPERATING EXPENSES		\$

TOTAL DIRECT COSTS (Personnel, Automotive, Equipment, and Operating)	\$500
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E. INDIRECT COSTS

NOT TO EXCEED 5% OF TOTAL DIRECT COSTS	\$
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TOTAL PROJECT COSTS (Direct + Indirect)	\$103207
STATE ALLOCATION	\$32190

F. BUDGET NARRATIVE

INSTRUCTIONS: Provide a narrative justifying and detailing the basis for determining the cost of the items included in each budget category. INCLUDE CALCULATIONS THAT AREN'T APPARENT ON PREVIOUS PAGES. Additional pages may be attached as needed.

This budget is for the expense to operate One full time SRP Deputy and one patrol unit performing full time SRP duties for and estimated 15000 miles. The mileage rate is .50 (Fifty cents) per mile. Any additional costs will be paid for by the county.

Equipment:

There are no equipment purchases in this years budget

Operating Cost:

This budget consists of \$500.00 for uniform cleaning

Indirect Costs:

The are no charges for indirect cost to the SRP Grant

Name and Title of Person Completing the Budget Lt. Richard Denison	231-779-9216
Email Address rdenison@wexfordcounty.org	

BOARD OF COMMISSIONERS COMMITTEE AGENDA ITEM

COMMITTEE: Finance
FROM: Administration
FOR MEETING DATE: August 26, 2020
SUBJECT: Canteen Services, Inc. Food Service Agreement

SUMMARY OF ITEM TO BE PRESENTED:

The current agreement with Wexford County Sheriff's Office and Canteen Services, Inc. will expire at the end of this month. A new 3-year agreement is attached for consideration. The cost per meal served is based on the number of inmates served. Page 7 outlines the cost per meal. Canteen has agreed to provide services between August 31 and the Board's approval of the new contract.

RECOMMENDATION:

Forward the agreement to the full board with a recommendation to approve.



CANTEEN SERVICES, INC.
FOOD SERVICE AGREEMENT

THIS AGREEMENT is made as of _____, 2020, by and between **the County of Wexford**, a municipal corporation and political subdivision of the State of Michigan, acting on behalf of the **Wexford County Sheriff's Office**, with offices located at **1015 Lincoln Street, Cadillac, Michigan 49601** (hereinafter referred to as "Client"), and **Canteen Services, Inc.** a Michigan corporation with principal offices at 353 South Michigan Avenue, Coldwater, Michigan 49036 (hereinafter referred to as "Canteen").

WITNESSETH:

WHEREAS, Client desires to avail itself of Canteen's food service; and,

WHEREAS, Canteen desires to perform such services for Client,

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound hereby, agree as follows:

SECTION 1. CLIENT'S GRANT TO CANTEEN

Client grants unto Canteen, as an independent contractor, the exclusive right to operate a food service at the following described premises:

Wexford County Jail
1015 Lincoln St.
Cadillac, MI 49601

(such location hereinafter referred to as the "Premises"), and the exclusive right to prepare and provide meals for jail inmates, employees, guests, and other persons as shall be approved by the Client (said manual food service hereinafter referred to as "Services").

SECTION 2. CANTEEN'S RESPONSIBILITIES

- A. Pursuant to the provisions of this Agreement, Canteen will operate and manage its Services to provide nutritious meals and maintain high standards of quality, sanitation, and cleanliness.
- B. Canteen agrees to pay all federal, state, and local taxes which may be assessed against Canteen's equipment or merchandise while in or upon the Premises, as well as all federal, state, and local taxes assessed in connection with the operation of its Services upon the Premises. Canteen also agrees to comply with all federal, state, and local laws and regulations governing the preparation, handling, storage preparations and serving of foods, and to procure and keep in effect all the

necessary licenses, permits, and food handler's cards required by law, and to post such permits within the catering areas in a prominent place as required by law. All costs in connection with such taxes (excluding said Client's real estate and personal property taxes referred to in Section 3), licenses, permits, and food handler's cards, shall be paid by Canteen. Canteen agrees to comply with applicable federal, state, and local laws and regulations pertaining to wages and hours of employment.

- C. Canteen shall hire all employees necessary for the performance of this Agreement. If possible, employees will be hired from the Wexford County area. Upon being hired, such employees shall be subject to such health examination as proper city, state, or federal authorities may require in connection with their employment. All persons employed by Canteen will be the employees of Canteen, and not of the Client, and will be covered by a fidelity bond. Canteen agrees that no employees of the Client will be hired by Canteen without permission of the Client for a period of six (6) months after the termination of their employment with Client. Canteen, in performing work required by this Agreement, shall not discriminate against any employee or applicant for employment because of race, religion, sex, color, national origin, age, height, weight, handicap, or marital status in violation of federal, state, or local law, unless such requirement is necessary for security reasons.
- D. Background checks are performed on all prospective Canteen personnel and Client approves all new hires before they are offered a position. The Client reserves the right to reject employees placed on the premises by Canteen.
- E. Canteen shall perform all necessary spot mopping of the floors in the storage and food service preparation areas. Canteen agrees to maintain conditions of sanitation and cleanliness. Canteen further agrees that Canteen's facilities and services, as well as the food prepared by Canteen, shall at all times be subject to inspection by an authorized, capable person or persons designated by the Client. See attached Exhibit B for detailed cleaning responsibilities. Client shall furnish adequate inmate kitchen workers to assist with food preparation, baking, cooking, and necessary clean-up of the facilities.
- F. All records shall be kept on file by Canteen for a period of three (3) years from the date the record is made, and Canteen shall, upon reasonable notice, give the Client or his authorized representative the privilege at a reasonable time of inspecting, examining, and auditing, during normal business hours, such of Canteen's business records which are directly relevant to the financial arrangements set forth in Exhibit A. The cost of such inspection, examination, and audit will be at the sole expense of the Client, and such inspection, examination, and audit shall be conducted at the Canteen location where said records are normally maintained.
- G. Canteen agrees that Canteen's employees and agents shall comply with and observe all applicable rules and regulations concerning conduct on the Premises which Client imposes upon Client's employees and agents.

SECTION 3. CLIENT'S RESPONSIBILITIES

- A. Client shall, at its own cost and expense, provide all food equipment, facilities, and floor space, as mutually agreed between Client and Canteen, necessary to the efficient operation,

transporting, and control of Canteen's Services. The Client will maintain, repair, and replace said equipment and facilities at its own expense, and the Client shall keep such equipment and facilities maintained in a safe operating condition such that no Canteen employee is exposed to or subjected to any unsafe situation which would violate the Occupational Safety and Health Act, including but not limited to the general duty and the specific duty clauses thereof, or any other similar federal, state, or local law or regulation; provided, however, if equipment provided by Client becomes inoperative, hazardous, or inefficient to operate, Canteen shall have the right to effect repairs or replacements at the expense of the Client, if the Client fails to do so, within agreed upon terms, in a reasonable time after written notice of said equipment deficiency. Client shall permit Canteen to have the use of all such equipment and facilities in the performance of its obligations hereunder, subject to the duty to exercise reasonable care in the use thereof. Canteen agrees that all equipment and items of equipment now or hereafter furnished by the Client to Canteen are the sole property of the Client, and Canteen agrees not to change, deface, or remove any symbol or mark of identity upon said equipment or items of equipment furnished by the Client.

- B. The Client will be responsible for all daily spot mopping of the floors in the dining area, all necessary cleaning of walls, windows, and electric light fixtures, and all necessary scrubbing, stripping, and polishing of floors in the storage, food service preparation area, and the dining room areas, as well as any areas adjacent to stands or carts used for Canteen's Services, at no cost to Canteen. See attached Exhibit B for detailed cleaning responsibilities.
- C. Client agrees that no employees of Canteen will be hired by Client without permission of Canteen for a period of six (6) months after the termination of their employment with Canteen. Client shall not impose any regulation on Canteen's employees not imposed on Client's employees.
- D. Background checks are performed on all prospective Canteen personnel and Client approves all new hires before they are offered a position. The Client reserves the right to reject employees placed on the premises by Canteen.
- E. Client shall pay all real estate taxes with respect to the Premises, and Client shall pay all personal property taxes and similar taxes with respect to Client's equipment located on the Premises.
- F. Client also agrees to provide all expendable and small-wares, and replacements as needed, provide telephone and office equipment and service to Canteen including high speed internet access.

SECTION 4. FINANCIAL ARRANGEMENTS

The financial arrangements of this Agreement are set forth in Exhibit A which is attached hereto, incorporated herein, and made a part hereof as if fully set forth in the Agreement.

SECTION 5. INDEMNIFICATION: INSURANCE

- A. Canteen shall indemnify Client and the Sheriff of Wexford County, their employees, agents, elected officials, and appointed officials, against any and all claims, suits, losses, expenses, costs,

damages, including actual attorney's fees incurred by Client, Sheriff, and/or Wexford County caused, in whole or in part, by Canteen's actions or failure to act, or caused by the negligent acts or omissions of Canteen's agents or employees and/or caused by or arising out of the presence of Canteen's employees or agents on the Premises of Wexford County or arising out of the consumption or use of the products and food products sold by Canteen; provided however, nothing contained herein shall require Canteen to defend or indemnify the Client, Sheriff, and/or Wexford County for losses, damages, injuries, or death arising out of the sole negligence of Wexford County, their agents or employees.

- B. Client shall promptly notify Canteen in writing of any claims or lawsuits against Client within ten (10) days after the day Client first receives actual notice of such claim or lawsuit. Client will provide Canteen with a copy of a summons and complaint in the event a lawsuit is filed.
- C. In order to secure Canteen's obligation to hold harmless and indemnify the Client, Canteen shall procure and maintain the following insurance:
 - 1. Worker's Compensation Insurance as prescribed by the laws of the State of Michigan.
 - 2. Comprehensive General and Automobile Liability Insurance, with combined single limits of \$1,000,000 for any one occurrence in which bodily injury or property damage is alleged. Also, excess liability umbrella form in the amount \$10,000,000.

Canteen shall furnish Client with a Certificate of Insurance evidencing such coverage naming Client as additional insured. The cost of the above insurance will be paid by Canteen.

SECTION 6. COMMENCEMENT AND TERMINATION

This agreement shall become effective as of the **31st day of August, 2020**, and shall remain in force for three (3) years, thereafter; extending for up to two (2) additional one (1) year periods, upon mutual agreement. Either party may terminate this Agreement by giving ninety (90) days' written notice to the other party. The Client may terminate this Agreement for nonperformance by Canteen immediately without 90 days' notice.

Upon the termination or expiration of this Agreement, Canteen shall, as soon thereafter as is feasible, vacate all parts of the Premises occupied by Canteen, where applicable, and return the Premises to Client, together with all the equipment furnished by the Client pursuant to this Agreement, in the same condition as when originally made available to Canteen, excepting ordinary wear and tear and fire and other casualty loss.

The termination of this Agreement shall not affect the rights, privileges, liabilities, and/or responsibilities of the parties as they exist as of the effective date of termination and the parties shall cooperate fully with each other during the term of the contract and subsequent to the termination in order to ascertain and satisfy the liabilities of either party to the other. The indemnities in this Agreement shall survive the termination.

SECTION 7. INDEPENDENT CONTRACTOR RELATIONSHIP

It is mutually understood and agreed, and it is the intent of the parties that an independent contractor

relationship be established and is hereby established under the terms and conditions of this Agreement; that employees of Canteen are not nor shall they be deemed to be employees of Client; and, that employees of Client are not nor shall they be deemed to be employees of Canteen.

SECTION 8. LOCKDOWN AND INSPECTION

- A. In the case of lockdown or other related acts, Canteen shall serve a special menu that would be kept on site for this type of emergency. If lockdown or emergency lasts more than three days the administrator and Canteen will determine what course of action needs to be taken.
- B. The Client shall have the right to inspect or search all employees and agents of Canteen, their property and belongings while upon the Premises, without prior warning at any time. The Client shall have the right to refuse access of any person to the secured areas of the facility.

SECTION 9. CONFIDENTIALITY

All operating, and personnel information, including but not limited to, standard operating procedures, recipes, and computer software programs related to, and/or utilized in, Canteen's business operations and which may be housed (filed or stored) within the Client's facility are and shall remain confidential; excepting they are limited and subject to compliance with applicable public records laws.

SECTION 10. MATERIAL CHANGE

The operational and financial arrangements in this Agreement are based upon conditions existing as of the effective date. In the event of significant and/or adverse change in conditions due to causes beyond Canteen's control, including but not limited to; a change in the scope of services required; menu changes; a decrease/increase in Client's inmate population; the availability of inmate kitchen labor; substantial increases in food, fuel, and cost of supplies; Federal, State, local, and/or other taxes, requirements, regulations; or other unforeseen conditions, Canteen shall give Client written notice of request to renegotiate and/or modify the terms of this Agreement.

SECTION 11. ASSIGNMENT

Neither Canteen nor Client may assign or transfer this Agreement, or any part thereof, without the prior written consent of the other party.

SECTION 12. ENTIRE AGREEMENT: WAIVER

This Agreement constitutes the entire Agreement between the parties with respect to the provision of Canteen's Services, and there are no other or further written or oral understandings or agreements with respect thereto. No variation or modification of this Agreement and no waiver of its provisions shall be valid unless in writing and signed by the duly authorized officers of Canteen and Client.

SECTION 13. NOTICES

All notices to Client shall be addressed to it at:

Wexford County Sheriff's Office
1015 Lincoln St.
Cadillac, MI 49601

All notices to Canteen shall be addressed to it at:

Canteen Services, Inc.
353 S. Michigan Ave.
P. O. Box 160
Coldwater, MI 49036

SECTION 14. GOVERNING LAW

This Agreement shall be governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals of the day and year first above written.

CANTEEN SERVICES, INC.

WEXFORD COUNTY on behalf of the
WEXFORD COUNTY SHERIFF'S OFFICE

Signature

Date

President

Title

Jeffrey Tiggelman

Printed Name

Signature

Date

Title

Printed Name

Signature

Date

Chairman, Board of Commissioners

Printed Name

EXHIBIT A

I. PRICING

Canteen agrees to operate its food service for the WEXFORD COUNTY SHERIFF'S OFFICE under the following terms:

- A. Canteen will provide the facilities with Inmate Food Service at a set price per meal. All inmate, jail staff, and visitors' meals shall be charged the same price. The cost per meal will be determined on a per meal serving basis (Breakfast, Lunch, Dinner) according to the following schedule:

<u>Inmate and/or Sack Meals</u>	<u>Price</u>
34 – 55	\$3.21
56 – 75	\$2.46
76 – 95	\$2.08
96 – 115	\$1.83
116 and above	\$1.70
Kosher / Halal Meals	\$6.50
Medical Snacks	\$1.25

Based on four (4) week rotating menus' including one (1) cold and two (2) hot meals per day with a minimum average of 2800 calories. Canteen reserves the right, with mutual agreement, to make modifications and/or substitutions as needed based on product availability or issues due to food borne illnesses.

Pricing is all inclusive of regular inmate meals, medical, religious, dietary, holiday, sack, and emergency.

Pricing shall be reviewed annually prior to anniversary date with any adjustment mutually agreed upon.

- B. Wexford County Jail shall provide telephone and internet service for business purposes of administering this Agreement, utilities, floor cleaning supplies, uniforms for inmate kitchen workers, breakfast trays, expendable/small-ware replacements, kitchen equipment and all repairs and maintenance cost of equipment.

Canteen shall purchase all food products, paper supplies, disposables, uniforms (hair nets, beard nets, poly/vinyl gloves), and kitchen cleaning supplies required to administer this Agreement.

- C. Canteen's price is based upon Wexford County Jail supplying a sufficient number of inmate workers to assist with food preparation, cooking, baking, and cleaning. The Jail Administration shall replace any disruptive inmate kitchen worker at Canteen's request. Canteen also reserves the right to request additional inmate assistance for deep cleaning as needed. In the event that inmate kitchen labor is not available, Canteen would acquire temporary labor and bill Wexford County Jail for this cost.

D. Inmate kitchen workers shall transport/deliver meals to the appropriate areas, and shall return all trays and delivery equipment to the facility kitchen in a timely manner.

E. Hours of service for the Jail facility shall be:

Breakfast	6:30 a.m.
Lunch	11:45 a.m.
Dinner	4:45 p.m.

Hours may be adjusted if mutually agreed upon.

F. In the event a determination is made during the term of this Agreement or after the term of this Agreement by the appropriate governmental authority that the payment either in part or in full, paid by the Client pursuant to this Agreement, is subject to any sales tax, this tax, together with any interest and/or penalties with respect thereto concerning such payments, shall immediately be reimbursed by Client to Canteen, notwithstanding the year in which such determination is made or the fact that this Agreement may have expired or been terminated for any reason by either party hereto prior to the date of such determination is made during the term of this Agreement, the Client shall, in addition, from the time of such determination forward, pay such tax to Canteen in the same manner.

II. CREDIT TERMS

Invoices for all meals will be processed weekly (typically Wednesday) for the prior week (Sunday breakfast through Saturday dinner). Terms are net 30 days. Any past-due amounts, over 45 days past due date at the option of Canteen, will be subject to a service charge of up to one percent (1%) per month of the unpaid balance.

In the event that sales amounts set forth in said statements are not paid according to the terms hereof, or in the event that Canteen, in its sole discretion, determines that Client's credit has become impaired, Canteen shall have the option of either declining to continue its services hereunder except on a cash-in-advance basis until such time as said credit has been re-established to Canteen's satisfaction, or terminating this Agreement without any liability whatsoever to Canteen.

III. BASIS OF FINANCIAL TERMS

The financial terms of this Agreement have been negotiated between the parties upon the conditions that Canteen will operate its Services at the same points of service and remain in operation only the hours agreed to when Canteen begins operations hereunder.

If Client desires Canteen to operate its Services for additional points of service and/or for additional hours, Client and Canteen shall mutually agree on the appropriate financial arrangements for the additional points of service and/or additional hours.

EXHIBIT B

<u>RESPONSIBILITIES OF CANTEEN AND WEXFORD COUNTY JAIL (CLIENT)</u>	<u>CANTEEN</u>	<u>CLIENT</u>
Floor Cleaning - Daily spot mopping of floors in the storage and food service preparation areas.	X	
Floor Cleaning--Daily spot mopping of floor in the dining areas and all necessary scrubbing, stripping, and polishing of floor in the storage, food service preparation area and the dining areas.		X
Freezers and Refrigerators - Cleaning of shelving, walls, and floor.	X	
Freezers and Refrigerator - Cleaning of fans, coils, and condensers.		X
Cleaning of cooking utensils, mixing equipment and utensils, hand utensils, containers, toasters, coffee makers, grills, steam kettles, steamers, can openers, work surfaces, mixers, slicers, grinders, saws, deep fat fryers and skillets, vegetable peelers, sinks, beverage dispensers, mops and buckets, cafeteria tables, eating utensils, trays, tumblers, cups, storeroom shelving, shelving in food preparation and serving areas, ice machine, utensil racks, and utility drawers.	X	
Food Costs	X	
Labor Costs	X	
Sack Lunch Program	X	
Inmate Kitchen Labor and Uniforms		X
Paper Goods	X	
Cleaning Supplies	X	X
Uniforms	X	X
Telephone and Internet Services		X
Expendable/Small-ware Replacements		X
Equipment Maintenance and/or Replacement		X
Interest on Late Payments		X
Employee Insurance	X	
General Liability Insurance	X	
Facilities Liability Insurance		X
Maintenance Costs		X
Utilities		X
Dumpster Service		X
Pest Control		X
Food License	X	
Fire Systems		X
Record Keeping	X	

REVENUE AND EXPENDITURE REPORT FOR WEXFORD COUNTY
 PERIOD ENDING 07/31/2020
 % Fiscal Year Completed: 58.20

G.2.

GL NUMBER	DESCRIPTION	2020	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	07/31/2020 NORMAL (ABNORMAL)	MONTH 07/31/2020 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 101 - GENERAL FUND						
Revenues						
UNCLASSIFIED	Unclassified	13,993,946.32	5,535,848.44	1,101,994.52	8,458,097.88	39.56
TOTAL REVENUES		13,993,946.32	5,535,848.44	1,101,994.52	8,458,097.88	39.56
Expenditures						
101	COMMISSIONERS	67,537.00	30,562.44	4,364.53	36,974.56	45.25
131	CIRCUIT COURT	338,599.00	180,204.73	22,637.84	158,394.27	53.22
136	DISTRICT COURT	652,175.00	345,332.63	42,556.34	306,842.37	52.95
141	FRIEND OF THE COURT	888,449.00	435,964.46	56,382.37	452,484.54	49.07
147	JURY COMMISSION	3,550.00	2,545.20	0.00	1,004.80	71.70
148	PROBATE COURT	637,235.00	336,932.10	43,413.69	300,302.90	52.87
151	PROBATION AND PAROLE	2,730.00	577.51	0.00	2,152.49	21.15
166	CIRCUIT COURT FAMILY COUNS.	75,319.00	42,127.81	6,456.82	33,191.19	55.93
168	PUBLIC DEFENDER	246,340.00	103,258.84	13,637.31	143,081.16	41.92
172	COUNTY ADMINISTRATION	203,788.32	111,179.67	15,858.78	92,608.65	54.56
191	ELECTIONS	53,800.00	43,438.52	12,318.02	10,361.48	80.74
215	COUNTY CLERK	295,782.00	158,381.93	23,168.44	137,400.07	53.55
225	EQUALIZATION	438,590.00	230,573.86	26,432.61	208,016.14	52.57
229	PROSECUTING ATTORNEY	496,546.00	272,200.82	39,380.24	224,345.18	54.82
230	PROS ATTNY CO-OP REIMB	50,940.00	27,906.79	4,573.47	23,033.21	54.78
236	REGISTER OF DEEDS	261,541.00	143,027.36	20,455.26	118,513.64	54.69
245	STATE SURVEY & REMONUMENTATION	42,737.00	3,400.00	0.00	39,337.00	7.96
253	COUNTY TREASURER	335,451.00	180,808.19	24,811.31	154,642.81	53.90
265	BUILDING AND GROUNDS	414,972.00	160,241.36	19,536.45	254,730.64	38.61
266	HUMAN SERVICES BLDG	45,600.00	40,639.10	6,731.95	4,960.90	89.12
268	DISTRICT HEALTH DEPARTMENT	38,200.00	31,761.00	4,222.75	6,439.00	83.14
270	JAIL - BLDG/GRDS	164,000.00	89,237.86	11,740.14	74,762.14	54.41
271	JAIL - BLDG/GRDS CARMEL ST	2,935.00	2,130.71	180.48	804.29	72.60
272	MAINT/STORAGE - BLDG/GRDS	5,150.00	2,677.76	457.31	2,472.24	52.00
275	DRAIN COMMISSION	40,105.00	12,473.81	2,557.40	27,631.19	31.10
282	DEPT OF AGRICULTURE	144,000.00	0.00	0.00	144,000.00	0.00
290	GEN SERVICES ADMINISTRATION	696,600.00	593,862.63	32,011.33	102,737.37	85.25
301	SHERIFF	2,439,085.00	1,239,521.23	208,564.37	1,199,563.77	50.82
302	SHERIFF COURT SECURITY	30,000.00	4,673.68	0.00	25,326.32	15.58
315	SECONDARY ROAD PATROL	101,672.00	39,101.89	5,690.93	62,570.11	38.46
331	MARINE	24,848.00	2,205.93	1,397.43	22,642.07	8.88
333	FEDERAL FOREST	4,500.00	944.62	944.62	3,555.38	20.99
334	SNOWMOBILE	25,250.00	11,694.47	0.00	13,555.53	46.31
335	ORV GRANT	25,396.00	14,614.12	2,352.24	10,781.88	57.54
351	JAIL	2,733,414.00	1,360,370.79	232,227.86	1,373,043.21	49.77
426	EMERGENCY MANAGEMENT	74,708.00	50,547.90	5,872.20	24,160.10	67.66
526	SANITARY LANDFILL	76,650.00	5,874.15	353.00	70,775.85	7.66
605	CONTAGIOUS DISEASES	600.00	131.35	0.00	468.65	21.89
648	MEDICAL EXAMINER	95,400.00	55,170.72	27,759.00	40,229.28	57.83
681	VETERANS BURIAL	10,000.00	6,000.00	900.00	4,000.00	60.00
861	FRINGE BENEFITS	0.00	6,273.02	(8,845.62)	(6,273.02)	100.00
890	CONTINGENCIES	50,000.00	0.00	0.00	50,000.00	0.00
965	TRANSFERS	1,091,398.00	418,411.61	35,137.39	672,986.39	38.34
966	APPROPRIATIONS	568,354.00	397,017.73	100,318.39	171,336.27	69.85
TOTAL EXPENDITURES		13,993,946.32	7,194,000.30	1,046,556.65	6,799,946.02	51.41

09/03/2020

REVENUE AND EXPENDITURE REPORT FOR WEXFORD COUNTY
 PERIOD ENDING 07/31/2020
 % Fiscal Year Completed: 58.20

GL NUMBER	DESCRIPTION	2020 AMENDED BUDGET	YTD BALANCE 07/31/2020 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 07/31/2020 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 225 - ANIMAL CONTROL						
	TOTAL REVENUES	219,002.00	201,905.77	3,331.09	17,096.23	92.19
	TOTAL EXPENDITURES	218,961.00	109,848.46	22,580.74	109,112.54	50.17
Fund 243 - COURT SECURITY FUND						
	TOTAL REVENUES	123,485.00	54,768.81	9,788.18	68,716.19	44.35
	TOTAL EXPENDITURES	123,485.00	53,708.96	9,479.56	69,776.04	43.49
Fund 249 - BUILDING INSPECTIONS DEPT.						
	TOTAL REVENUES	199,625.00	67,583.40	20,516.00	132,041.60	33.86
	TOTAL EXPENDITURES	222,892.00	115,252.38	18,498.19	107,639.62	51.71
Fund 259 - INDIGENT DEFENSE FUND						
	TOTAL REVENUES	981,484.00	320,809.90	21,987.82	660,674.10	32.69
	TOTAL EXPENDITURES	981,484.00	466,559.69	67,687.46	514,924.31	47.54
Fund 260 - COMMUNITY ALTERNATIVE PROG.						
	TOTAL REVENUES	338,185.00	152,368.74	28,539.75	185,816.26	45.05
	TOTAL EXPENDITURES	338,184.00	164,039.13	23,931.20	174,144.87	48.51
Fund 261 - 911-WIRELESS						
	TOTAL REVENUES	920,000.00	362,465.33	121,821.11	557,534.67	39.40
	TOTAL EXPENDITURES	919,358.00	601,949.38	69,526.85	317,408.62	65.47
Fund 292 - CHILD CARE FUND						
	TOTAL REVENUES	527,600.00	16,199.64	1,690.52	511,400.36	3.07
	TOTAL EXPENDITURES	357,000.00	134,226.20	16,921.71	222,773.80	37.60

BOARD OF COMMISSIONERS COMMITTEE AGENDA ITEM

TO: Finance Committee
FROM: Janet Koch, Administrator
FOR MEETING DATE: September 10, 2020
SUBJECT: MERS Additional Voluntary Contribution

SUMMARY OF ITEM TO BE PRESENTED:

Similar to many other counties and municipalities, Wexford County's pension obligations have increased. This is due to reasons that include the 2011 elimination of the defined benefit pension to new employees, an aging workforce, longer life expectancies, the 2008 recession, and other actuarial calculations.

The funded ratio of a pension plan is, quoting the County's December 31, 2019 Annual Actuarial Valuation Report, "the percentage of the dollar value of the actuarial accrued liability that is covered by the actuarial value of assets." The County's current funded ratio is 65%. As of the end of 2019, our valuation assets are \$21,235,684 and our unfunded accrued liabilities are \$11,682,183. Increasing the County's funded ratio has been noted as a priority by the Finance Committee. Current projections from MERS (Municipal Employees' Retirement System of Michigan) expect that the County will be 100% funded in 2039. This will require annual increases in payments.

The County's policy E-8.2 Fund Balance requires that the fund balance of the general fund "shall not be less than 30 percent of the annual general fund operating budget." Our 2019 audit states a fund balance that, after removing the fund balances of the six special funds that are added to the general fund balance, is 45.2% of the 2020 general fund operating budget. The final 2020 budget for the general fund is \$13,922,747.

In light of anticipated reduced revenues from the State of Michigan in 2021, an additional voluntary contribution to MERS of the full difference between the 30% and 45.2% amount is not recommended. However, an additional contribution of approximately half that difference would assist with increasing the County's funded ratio while also maintaining a general fund balance that will help us through what could well be a financially difficult time.

If the Committee wishes to recommend the Board make an additional contribution, another decision is how to implement the payment. There are two basic options; 1) Payment directly to divisions will increase the funded ratio while decreasing monthly contributions. 2) Payment to a surplus division will increase the funded ratio, but will not decrease monthly contributions. However, using a surplus fund will help the County be fully funded much sooner. Please see pages 18 & 19 of the following booklet "Managing UAL."

RECOMMENDATION:

A motion to recommend the BOC approve an additional voluntary contribution to MERS and discuss the preferred option for payment implementation.



Managing UAL

Closing the Gap in Unfunded Accrued Liability

What is UAL?

In a defined benefit pension plan or retiree health care plan, **unfunded accrued liability (UAL)** is the difference between the estimated cost of future benefits that have been accrued to date, and the assets that have been set aside to pay for them.

This difference is represented by the municipality's pension funded level, which is reported in the **Annual Actuarial Valuation** the municipality receives each year. To learn more about your valuation, or to explore ways to reduce UAL, contact your MERS Regional Manager by visiting www.mersofmich.com or by calling 800.767.6377.

Managing UAL

There are several ways a municipality can address unfunded accrued liability, including:

— REDUCE LIABILITY

Reduce or eliminate liability by offering a lower tier of benefits or different plan type for new hires.

Reduce the liability for existing employees by “bridging” their benefits to a lower tier and freezing final average compensation.

Eliminate future liability by closing or freezing the Defined Benefit Plan and offering a Defined Contribution Plan.

+ INCREASE ASSETS

Paying more than the required minimum contributions.

Bonding to fully fund the plan.

Cost sharing with employees.



Things to Consider

1. PURPOSE

Why do you offer your employees a retirement plan?

For example: recruitment, retention, union negotiation, portability or security for your retirees. Compare your purpose for current employees to your purpose for future employees. Has the purpose changed?

2. BENEFIT

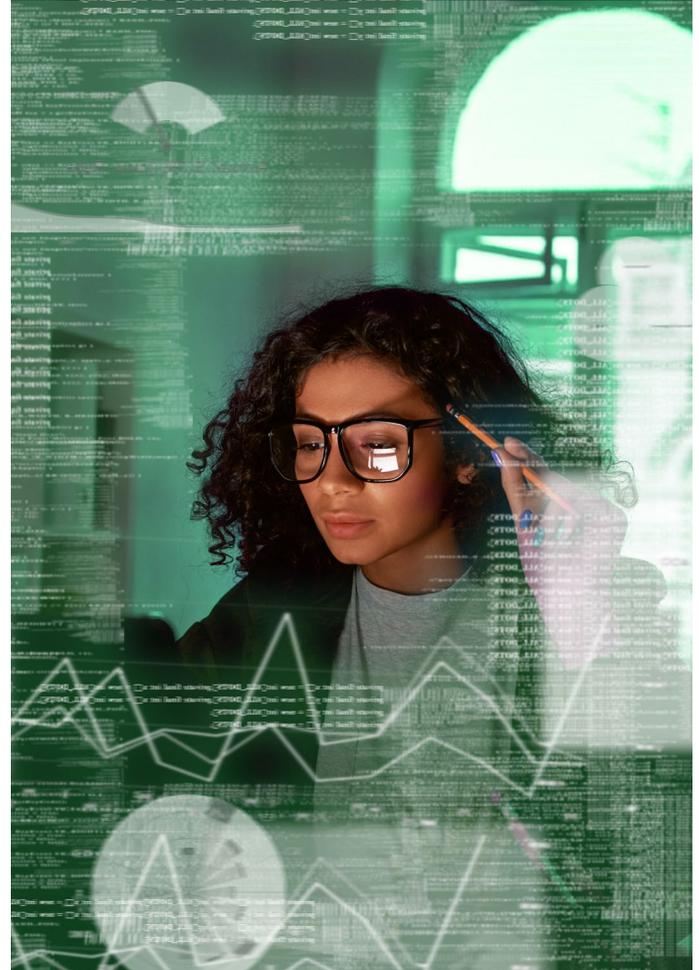
Be sure to ***understand the benefit*** your retirees receive compared to any change in the proposed benefit for a current or new employee. Then evaluate if the current proposed benefits fulfill the purpose.

3. COST

When comparing the costs of your current and proposed retirement plans, ensure you're comparing apples to apples. The long term cost of a defined benefit plan that is fully funded is the ***Normal Cost***. The Normal Cost can be found on Table 1 of your Annual Actuarial Valuation.

4. CASH FLOW URGENCY

Consider your budget goal for both your current and proposed retirement plans. Do you have an immediate cost savings need or is this change aimed at longer term impact?



Bridged Multiplier

Bridging the multiplier reduces the benefit multiplier for existing employees on a going-forward basis while leaving earned benefits unchanged.

HOW DOES IT WORK?

- The first part of the bridge is the current benefit structure already adopted.
- The second part of the bridge allows for the benefit multiplier to be changed on a going-forward basis, impacting only future service.
- At the employee's retirement, the two parts are combined to complete the retirement benefit.

Calculating the Final Average Compensation (FAC):

- You have the option to use a Frozen FAC for the first part of the bridge. This means the FAC for Part 1 of the benefit will be calculated at the time of the bridge and will not be affected by future pay increases. Choosing this option will typically provide the greatest cost impact.
- If FAC is not frozen, termination FAC will be used to calculate Part 1 of the benefit. Termination FAC calculates the FAC *throughout* the employee's career.

Part 1

Final Average Compensation (May choose Frozen FAC)	X	Pre-Bridge Service Credit	X	Original Benefit Multiplier	=	Part 1 Benefit
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Part 2

Final Average Compensation	X	Post-Bridge Service Credit	X	New Benefit Multiplier	=	Part 2 Benefit
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\$ Total Retirement Benefit

EMPLOYEE BENEFIT EXAMPLE

Bob worked for 15 years when his employer decides to bridge from a 2.5% benefit multiplier to 1.5% with a frozen FAC. For the first 15 years, Bob's FAC is calculated at \$40,000 with a 2.5% multiplier. Bob works another 10 years at the 1.5% benefit multiplier and when he retires his FAC is calculated at \$50,000. Bob's benefit will look like the following:

Calculated With Frozen FAC

Frozen FAC \$40,000	X	Pre-Bridge Service Credit 15 years	X	Original Benefit Multiplier 2.5%	=	\$15,000
FAC \$50,000	X	Post-Bridge Service Credit 10 years	X	New Benefit Multiplier 1.5%	=	\$7,500
						+
						\$22,500 Annually/ \$1,875 Monthly

If Termination FAC was selected for Part 1 instead of Frozen, Bob's FAC at retirement will be used for both parts of the bridge and his total benefit would be **\$26,250 annually**.

If Bridged Benefits had not been adopted, Bob would have accrued all 25 years at 2.5% and his retirement benefit would have been **\$31,250 annually**.

BENEFIT COST EXAMPLE

Bob's municipality has 29 employees, a current annual payroll of \$1,532,757, a monthly contribution of \$23,867 and a 2.5% benefit multiplier. Below are the results of their bridging from a 2.5% benefit multiplier to a 1.5% benefit multiplier:

Frozen FAC Calculation for Part 1 of the Bridge

	Current Benefits	Proposed Benefits	Difference
Actuarial Accrued Liability	\$9,615,809	\$8,416,803	(\$1,199,006)
Division Percent Funded	73.1%	83.5%	10.4%
Employer Contribution	\$286,404	\$128,604	(\$157,800)

Termination FAC Calculation for Part 1 of the Bridge

	Current Benefits	Proposed Benefits	Difference
Actuarial Accrued Liability	\$9,615,809	\$9,316,155	(\$299,654)
Division Percent Funded	73.1%	75.4%	2.3%
Employer Contribution	\$286,404	\$198,936	(\$87,468)

CASH FLOW IMPACT

Implementing Bridged Benefits may provide immediate contribution rate relief by changing the Normal Cost moving forward (also UAL contributions in some cases). The impact will vary depending on each specific plan's details (provisions, demographics, etc.).

Bridged COLA

Bridging the Cost of Living Adjustment (COLA) eliminates the COLA on future service credit for participants. Going forward, the COLA will only be applied to the portion of the benefit earned before the bridge. This is known as the COLA Base.

HOW DOES IT WORK?

The FAC is frozen as of the date of the bridge for purposes of calculating the COLA Base.

COLA Base is Calculated as of the Bridge Date

$$\text{FAC as of Bridge Date} \times \text{Service Credit as of Bridge Date} \times \text{Benefit Multiplier} = \text{COLA Base}$$

The annual COLA is determined by applying the COLA percentage (typically 2.5%) to the COLA Base only.

Calculating the Annual COLA

$$\text{COLA Base} \times \text{COLA \%} = \text{Annual COLA}$$

At termination, the annual retirement benefit is calculated using the full termination FAC and service credit.

Calculating the benefit in the first year

$$\text{FAC as of Termination Date} \times \text{Service Credit as of Termination Date} \times \text{Benefit Multiplier} = \text{First Year Benefit}$$

The Annual COLA is applied to the annual benefit of participants beginning with the January after a retiree has been on pension payroll at least 6 months.

Applying the annual COLA

$$\text{First Year Benefit} + \text{Annual COLA} = \text{Second Year Benefit}$$

$$\text{Second Year Benefit} + \text{Annual COLA} = \text{Third Year Benefit}$$

$$\text{Third Year Benefit} + \text{Annual COLA} = \text{Fourth Year Benefit}$$

FOR EXAMPLE

Bob has worked and earned service credit for 20 years when his employer adopted the bridged COLA, which will reduce the COLA from 2.5% to 0% going forward. His FAC from his date of hire to the effective date of bridge is determined to be \$50,000. Bob continues to work for his employer for 10 more years, earning a total of 30 years of service credit. At that time, his FAC from his date of hire to his date of termination is determined to be \$75,000. The benefit multiplier is 2.0%. Bob's retirement benefit will be calculated as follows:

COLA Base is Calculated as of the Bridge Date

Frozen FAC \$50,000	X	Service Credit 20 years	X	Benefit Multiplier 2.0%	=	COLA Base \$20,000
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Calculating the Annual COLA

COLA Base \$20,000	X	COLA % 2.5%	=	Annual COLA \$500
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Calculating the First Year Benefit

Termination FAC \$75,000	X	Service Credit 30 years	X	Benefit Multiplier 2.0%	=	Annual Benefit \$45,000
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Applying the annual COLA

First Year Benefit \$45,000	+	COLA \$500	=	Second Year Benefit \$45,500
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Second Year Benefit \$45,500	+	COLA \$500	=	Third Year Benefit \$46,000
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Third Year Benefit \$46,000	+	COLA \$500	=	Fourth Year Benefit \$46,500
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BENEFIT COST EXAMPLE

Bob's municipality has six active employees, a current annual payroll of \$197,502, a monthly contribution of \$24,636 and a 2.5% non-compound COLA for future retirees. Below are the results of their bridging the COLA from 2.5% to 0% using frozen FAC:

	2.5% COLA	Bridged to 0.0% COLA	Difference
Active Participant Actuarial Accrued Liability	\$298,535	\$280,414	(\$18,121)
Total Actuarial Accrued Liability	\$861,613	\$843,492	(\$18,121)
Division % Funded	95.2%	97.3%	2.1%
Annual Employer Contribution	\$24,636	\$18,516	(\$6,120)
Monthly Employer Contribution	\$2,053	\$1,543	(\$510)

CASH FLOW IMPACT

Implementing a Bridged COLA may provide immediate contribution rate relief by reducing the Normal Cost and contributions toward UAL moving forward. The impact will vary depending on each specific plan's details.

Demographic factors to look for in your own plan to gauge potential cost savings:

- **A high ratio of Active Participant Liability to Total Actuarial Accrued Liability** – A Bridged COLA will only affect liability for active participants, therefore the greater the number of active participants in your plan, the greater the potential savings.
- **A young active participant population** – Bridged COLA adoptions create more savings if done earlier rather than later in a participant's career.

Lower Defined Benefit for New Hires

Offering a lower tier of benefits to new hires can help lower future liability while keeping benefits the same for current employees. This option maintains the Defined Benefit Plan, but with lower plan provisions for new hires after a specified date.

HOW DOES IT WORK?

- New hires, transfers, and rehires are covered by a different tier of Defined Benefit Plan retirement benefits.
- Current division is closed and new hires are enrolled in the new division with lower tier of benefits.
- Accelerated funding may not be required with this change.
- The closed division can be billed as a flat dollar amount or as a “blended” rate of the two divisions.



There are a variety of options available for your new plan for new hires, including: benefit multiplier, employee contributions, vesting, early retirement, etc. Your MERS Regional Manager can help you determine the best options for your new plan, whether it's changing the final average compensation or increasing your vesting schedule. We can work together to determine the best solution for your needs.

To show you the financial cost and savings of your new plan, we'll run actuarial reports for your municipality, giving you a clearer picture and helping you understand the impact it can have. Your MERS Regional Team will be available throughout the process to help you review the results of the reports and discuss your options.

FOR EXAMPLE

A municipality is adopting a lower Defined Benefit Plan for new hires after August 1 in the General Division. The municipality currently has a benefit multiplier of 2.25% for active employees. They want to change the benefit multiplier to 1.50% for anyone hired after August 1. In addition, the FAC will be raised to five years with a 10-year vesting schedule.



RESULTS

The General Division is closed to new hires and the new lower Defined Benefit Plan Normal Cost is 6.95%*, a long-term savings of 8.27%* of payroll. All new hires, transfers, and rehires will be enrolled in the new lower Defined Benefit Plan (Tier II).

* Assumes average new hire age of 35. Payroll and impacts vary by municipality.

CASH FLOW IMPACT

Implementing a lower Defined Benefit Plan is a long-term cost savings approach because future benefits will be lower and less expensive than what was previously offered. How quickly savings are realized depends on how soon new hires are enrolled in the plan.

Defined Contribution

MERS Defined Contribution Plan is a qualified retirement plan under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made and assets are invested. When an employee retires, their benefits are based on the total amount of money in the account. As a qualified plan, participants are not taxed on employer contributions or earnings until assets are withdrawn.

HOW DOES IT WORK?

- The Defined Benefit Plan's funded level must meet the minimum requirement before closing to Defined Contribution.
- An actuarial report provides the cost impact of closing the Defined Benefit Plan.
- New hires, transfers, and rehires are covered by the MERS Defined Contribution Plan.
 - Current employees may be given a one-time option to switch plans, if the municipality meets minimum funding levels.
 - Employers may opt to freeze the Defined Benefit plan and move current employees into the Defined Contribution Plan.
- Once closed, the Defined Benefit Plan will be billed as a flat dollar amount.



How is a 401(a) different than a 401(k)?

By law, all public sector plans are required to be a 401(a) defined contribution plan, which is different than the private-sector counterpart, the 401(k). The IRS states that 401(a) defined contribution plans require all eligible employees be enrolled into the plan, with a set contribution rate for all participants. With the more familiar 401(k) plans, participation is voluntary, and participants may increase, decrease, start or stop contributions at any time.

For more flexible contribution options, you can pair a traditional 401(a) plan with the *MERS 457 Supplemental Retirement Program*, which enables employers to require participation in the plan, while providing participants with 401(k)-like flexibility to individually control additional contributions.

CASH FLOW IMPACT

Closing a Defined Benefit Plan and implementing a Defined Contribution Plan for new hires may not provide immediate cost savings. The accrued benefits of the active participants remaining in the Defined Benefit Plan are unaffected and will continue to accrue. You will continue to contribute a Normal Cost payment, plus any payment toward UAL. The payment toward UAL will not go away by closing the plan.

To compare your long term cost savings, you compare the Normal Cost of the Defined Benefit Plan (found on Table 1 of your AAV) to your proposed employer contribution of the Defined Contribution Plan. This will give you a better idea of the ultimate, long-term costs.

In addition, a projection study is required for groups moving from a Defined Benefit Plan to a Defined Contribution Plan. The results of the study may indicate that an accelerated amortization and funding schedule is required to ensure adequate funding of the closed plan.

Hybrid Plan

MERS Hybrid Plan is two plans in one — offering the security of a defined benefit and the flexibility and investment choice of a defined contribution. At retirement, employees receive a lifetime benefit and a separate account of their invested assets.

HOW DOES IT WORK?

- The current Defined Benefit Plan is closed, and new hires, transfers and rehires are covered by the Hybrid Plan:
 - Current employees may be given a one-time option to switch plans, if the municipality meets minimum funding levels.
 - Employers may opt to freeze the Defined Benefit plan and move current employees into the Hybrid Plan.
- The closed Defined Benefit division is billed as a flat dollar amount, or you may choose to blend the rates of the Defined Benefit divisions by combining the assets and liabilities of both divisions and calculating one rate.
- The Defined Benefit portion of the Hybrid Plan has a select menu of provision options and requires an actuarial report to calculate the cost.
- The Defined Contribution portion allows both employer and employee contributions as a fixed percentage of pay.

Part I – Defined Benefit

Final Average Compensation	X	Service Credit	X	Benefit Multiplier	=	\$ Annual Benefit
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Part II – Defined Contribution

Employer Contributions	+	Employee Contributions	+	Earnings or Losses in the Market	-	Fees	=	\$ Account Balance
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\$ Total Retirement Benefit

FOR EXAMPLE

A municipality is adopting a Hybrid Plan for new hires after August 1. The Employer Normal Cost is currently 9.81%. Below is an example of their current plan, and the new Hybrid Plan.

Defined Benefit Plan	Hybrid Plan
2.25% Multiplier FAC 3 10 year vesting	Part I 1.50% Multiplier FAC 3 6 year vesting
9.81% Normal Cost	6.27% Normal Cost
	Part II Employer contribution 1% Employee contribution 5% 6 year vesting

RESULTS

The Defined Benefit Plan is closed and all new hires, transfers, and rehires are enrolled in the Hybrid Plan. The new cost for the municipality is 6.27% (Normal Cost for the Defined Benefit portion) plus the 1% employer contribution to the Defined Contribution portion, totaling 7.27%. This reflects a long-term savings of 2.54% (9.81% minus 7.27%) of payroll.

CASH FLOW IMPACT

Implementing a Hybrid Plan for new hires is a long-term cost savings approach because it reduces the future accrual of liabilities. Future benefits will be lower, and potentially less expensive than the previous benefits. How quickly savings are realized depends on how soon new hires are enrolled in the plan.

Defined Benefit Plan Freeze

Unlike a closed plan, which affects only new hires while current employees continue to accrue service credit under the existing defined benefit plan, a defined benefit plan “freeze” affects both new-hires and existing employees and immediately transitions all employees to a new plan type.

HOW DOES IT WORK?

As of the date that a Defined Benefit Plan is frozen, the following will occur:

- Current Defined Benefit participants do not accrue additional defined benefit service credit, final average compensation (FAC) is frozen, and ALL employees are in the Defined Contribution or Hybrid Plan after the effective date.
 - An employee’s FAC will be calculated based on the highest wages earned prior to the plan freeze.
 - Employees will continue to earn service time to fulfill vesting and/or early retirement requirements.
 - Employees will not accrue additional service credit as part of the benefit formula used to calculate their defined benefit.
- Groups that are at least 80% funded can choose to allow existing employees the option to convert the value of their accrued defined benefit plan service credit into their new defined contribution plan (or the defined contribution portion of their hybrid plan account).
- Freezing a defined benefit plan eliminates the Normal Cost of the plan going forward, but it does not eliminate the UAL.

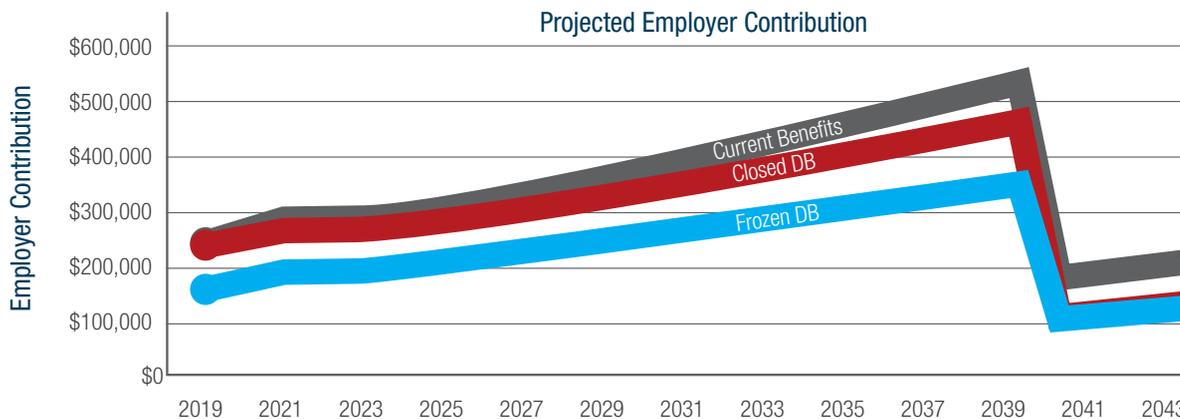
BENEFIT COST EXAMPLE

A municipality is moving to a Defined Contribution Plan with a 6% employer contribution and can choose to either close the existing Defined Benefit Plan to new hires, or freeze the existing Defined Benefit Plan and move all employees to a Defined Contribution Plan. While both closing and freezing a Defined Benefit plan will reduce the cost of the plan going forward, how quickly that savings is realized can be very different.

Below, see the impact that *closing* or *freezing* the plan would have **in the first year**. *Closing* the plan only affects future employees, so the actuarially determined contribution to the Defined Benefit Plan does not change in the first year. By contrast, *freezing* the plan also affects existing employees, eliminating the Normal Cost and replacing it with the 6% contribution into the new Defined Contribution Plan. In either case, payments towards UAL will continue until the plan is fully funded.

	Current Benefits	Closed DB to 6% Employer DC	Frozen DB to 6% Employer DC
Actuarial Accrued Liability	\$8,050,000	\$8,050,000	\$7,425,000
Funded Ratio	72%	72%	78%
Employer DB Contribution	\$245,000	\$245,000	\$110,000
Employer DC Contribution	\$0	\$0	\$55,000
Total Employer Contribution	\$245,000	\$245,000	\$165,000

The long-term savings of both closing and freezing a Defined Benefit Plan are more apparent, as seen in the below graph.



Funding Options

The most direct way of addressing UAL is by making additional payments into the plan. Let's consider three ways your municipality could approach this.

Additional Voluntary Contributions

The Actuarially Determined Contribution (ADC) is actuarially determined, and consists of the **Normal Cost** plus any **Amortization Payment of Unfunded Accrued Liability**. Making this contribution ensures movement to a fully funded position over time, and is required by state statute.



Additional Voluntary Contributions to the Plan

By making additional payments into the plan above and beyond the ADC, the UAL will be funded faster. These contributions may be made as an additional percent above the minimum or in a lump sum payment. These extra dollars are invested and have the ability to recognize market returns and will reduce future ADC payments.

Additional Voluntary Contributions to a Surplus Division

Local governments can choose to apply those assets directly to the UAL by establishing a **surplus division**. Funds allocated to a surplus division can be associated with the plan as a whole, or can be tied to specific employee divisions. Assets held in a surplus division are not considered when calculating future required contributions. This means that additional voluntary contributions made to a surplus division will increase the funding level of the plan, without affecting future ADC payments.

FOR EXAMPLE _____

Baseline – No Additional Voluntary Contributions Made

Year	Funded Percentage	ADC	Additional Contributions	Total Annual Employer Contribution
1	56%	\$114,000	\$0	\$114,000
2	56%	\$121,000	\$0	\$121,000
3	57%	\$128,000	\$0	\$128,000
4	57%	\$136,000	\$0	\$136,000
5	59%	\$141,000	\$0	\$141,000
6	61%	\$146,000	\$0	\$146,000
7	63%	\$152,000	\$0	\$152,000
8	64%	\$157,000	\$0	\$157,000
9	66%	\$163,000	\$0	\$163,000
10	68%	\$169,000	\$0	\$169,000
11	70%	\$175,000	\$0	\$175,000
12	71%	\$182,000	\$0	\$182,000
13	73%	\$188,000	\$0	\$188,000
14	75%	\$195,000	\$0	\$195,000
15	77%	\$203,000	\$0	\$203,000
16	79%	\$210,000	\$0	\$210,000
17	81%	\$218,000	\$0	\$218,000
18	83%	\$226,000	\$0	\$226,000
19	86%	\$234,000	\$0	\$234,000
20	88%	\$243,000	\$0	\$243,000
21	91%	\$252,000	\$0	\$252,000
22	94%	\$261,000	\$0	\$261,000
23	96%	\$118,000	\$0	\$118,000
24	99%	\$122,000	\$0	\$122,000
25	100%	\$127,000	\$0	\$127,000

Additional Voluntary Contributions to the Plan –
 \$50,000/year for five years increases the funding level
while decreasing the ADC

Funded Percentage	ADC	Additional Contributions to Plan	Total Annual Employer Contribution
56%	\$114,000	\$50,000	\$164,000
56%	\$117,000	\$50,000	\$167,000
58%	\$120,000	\$50,000	\$170,000
61%	\$124,000	\$50,000	\$174,000
65%	\$125,000	\$50,000	\$175,000
68%	\$125,000	\$0	\$125,000
72%	\$130,000	\$0	\$130,000
73%	\$135,000	\$0	\$135,000
75%	\$140,000	\$0	\$140,000
76%	\$145,000	\$0	\$145,000
77%	\$150,000	\$0	\$150,000
79%	\$155,000	\$0	\$155,000
80%	\$161,000	\$0	\$161,000
81%	\$167,000	\$0	\$167,000
83%	\$173,000	\$0	\$173,000
84%	\$180,000	\$0	\$180,000
86%	\$186,000	\$0	\$186,000
88%	\$193,000	\$0	\$193,000
89%	\$200,000	\$0	\$200,000
91%	\$208,000	\$0	\$208,000
93%	\$215,000	\$0	\$215,000
95%	\$224,000	\$0	\$224,000
97%	\$118,000	\$0	\$118,000
99%	\$122,000	\$0	\$122,000
100%	\$127,000	\$0	\$127,000

Additional contributions lower the ADC

Additional Voluntary Contributions to a Surplus Division –
 \$50,000/year applied directly to UAL for five years increases the funding level *without* decreasing the ADC

Funded Percentage	ADC	Additional Contributions to Surplus Division	Total Annual Employer Contribution
56%	\$114,000	\$50,000	\$164,000
56%	\$121,000	\$50,000	\$171,000
58%	\$128,000	\$50,000	\$178,000
61%	\$136,000	\$50,000	\$186,000
65%	\$141,000	\$50,000	\$191,000
69%	\$146,000	\$0	\$146,000
73%	\$152,000	\$0	\$152,000
76%	\$157,000	\$0	\$157,000
78%	\$163,000	\$0	\$163,000
80%	\$169,000	\$0	\$169,000
82%	\$175,000	\$0	\$175,000
84%	\$182,000	\$0	\$182,000
87%	\$188,000	\$0	\$188,000
89%	\$195,000	\$0	\$195,000
92%	\$203,000	\$0	\$203,000
95%	\$210,000	\$0	\$210,000
97%	\$218,000	\$0	\$218,000
100%	\$226,000	\$0	\$226,000
103%	\$234,000	\$0	\$234,000
106%	\$243,000	\$0	\$243,000
110%	\$252,000	\$0	\$252,000
113%	\$261,000	\$0	\$261,000
117%	\$118,000	\$0	\$118,000
120%	\$122,000	\$0	\$122,000
121%	\$127,000	\$0	\$127,000

Additional contributions don't affect the ADC

Fully funded same time as Baseline.

Fully funded much sooner than Baseline.

Bonding For Unfunded Accrued Liabilities

The Revised Municipal Finance Act (Section 518) allows some municipalities to bond for all or a portion of their UAL. To bond, your Defined Benefit Plan must be closed with a Defined Contribution Plan established for new hires. It's important to remember that bonding to fund the plan does not guarantee that UAL will not develop in the future, as plan experience may never match the assumptions used. Even if your plan becomes funded at or above 100%, the required payment is equal to the Normal Cost of the closed Defined Benefit Plan.



Cost-Sharing With Employees

Nearly 3/4 of MERS Defined Benefit Plans have employee contributions to the plan. The average employee contribution rate is approximately 5%. This contribution is deducted (pre-tax) from the employees' paycheck as a percentage of pay.

The employee contribution may be applied in one of two ways:

- As an additional payment over and above the ADC; or
- To offset the employer contribution.

Other Considerations for Retirement Plans

Whether you offer a Defined Benefit, Defined Contribution or Hybrid Plan these additional programs can provide benefits to employees without incurring unfunded liabilities. Each can be designed to meet various needs while providing flexible solutions for the challenges facing your municipality.

MERS 457 Supplemental Retirement Program

MERS 457 Program is a great supplement to any MERS retirement plan, providing employees with flexible contribution options and an invested account they manage themselves. The program is an employer-sponsored deferred compensation program, meaning taxes on the contributions are deferred until they are withdrawn. A post-tax Roth option is also available.

MERS 457 offers individuals a self-directed account in which they choose a portion of their salary to be contributed. They decide the level of contributions and how to invest the assets. After leaving employment, their benefit is based on the total amount of money in the account.



Other Considerations for Retirement Plans

MERS Health Care Savings Program

MERS Health Care Savings Program is an innovative way to help employees prepare for rising health care costs, with a tax-free medical savings account for use after leaving their employer.

Each employee is provided an invested account, into which the employer and/or employee make tax-free contributions. Individual employee accounts are invested in the MERS Investment Menu and grow tax-free. After leaving employment, the vested account balance is available for tax-free reimbursement of eligible medical expenses for the employee and eligible dependents, and even a beneficiary on a taxable basis. The program can be used alone, or to complement an existing health care plan.



STRATEGIES FOR USING HCSP

This defined contribution-style benefit can be a powerful tool for public employers seeking to restructure their OPEB benefits or limit UAL. Here are some different ways the program can be used:

- Supplement existing retiree health care for active employees.
- Buy out vested employees' benefits.
- Offer the program to new hires.
- Provide retirees a stipend to purchase health insurance on a private health care exchange, such as Mercer Marketplace 365.
- Provide retirees an account to supplement or replace health care.
- Option for PTO/longevity payouts so FAC calculations in the Defined Benefit Plan are not inflated, which manages increases in liability without incurring further UAL in your pension program.





This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. If this publication conflicts with the relevant provisions of the Plan Document, the Plan Document Controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

For more information about MERS, contact a member of your Regional Team at 800.767.6377, or visit www.mersofmich.com/myteam to find a representative in your area.

Municipal Employees' Retirement System of Michigan
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**Wexford County Board of Commissioners
Amendments to the 2020 Budget**

Adj #	Acct	Acct Description		Revenue	Expense	a.
20200901	101.101.699.00	Appropriate Fund Balance	\$	10,000		
	101.131.809.01	Jury Fees & Costs			\$ 10,000	
		To cover jury trials to the end of the year.				
20200902	101.131.721.00	Health Insurance			\$ (3,289)	b.
	101.131.727.00	Office Supplies			\$ 3,289	
		To accommodate three employees in the one office.				
20200903	101.290.540.04	MRA-MMOOG	\$	12,336		c.
	101.290.800.04	MRA-MMOOG			\$ 12,336	
		Applied for a Medical Marijuana Grant, administrated by DHD#10.				