

**GENESEE COUNTY ROAD COMMISSION**

**SPECIAL BOARD MEETING**

**August 10, 2021**

**MINUTES**

**CALL TO ORDER**

Chairperson Dickerson called the Special Board Meeting of the Genesee County Board of Road Commissioners to order at 9:07 a.m. The meeting was held in the Board Room of the Genesee County Road Commission, 211 W. Oakley, Flint, Michigan 48503-3995.

**ROLL CALL**

Present: Cloyce Dickerson, Chairperson  
John Mandelaris, Vice-Chairperson  
David Arceo, Commissioner  
Cathy Lane, Commissioner  
Timothy Elkins, Commissioner

Absent: None

Others Present: Fred Peivandi, Eric Johnston, Randy Dellaposta, Anthony Branch, Tracy Kahn, Donna Poplar, Brenda Kleinfeld, Genesee County Road Commission Staff; Mike Gentry, Jim Vargo, Brian Saad (remotely), Linda Kossak, Secretary of the Board of County Road Commissioners

**PLEDGE OF ALLEGIANCE**

Chairperson Dickerson led the Pledge of Allegiance.

**APPROVAL OF THE AGENDA**

**ACTION TAKEN** - Motion by Ms. Lane, seconded by Mr. Elkins, to approve the agenda for August 10, 2021.

**VOTE ON MOTION:**

Yes: Mandelaris, Arceo, Lane, Elkins, Dickerson

No: None

**MOTION CARRIED.**

## **PUBLIC ADDRESS THE BOARD**

(None)

## **DISCUSSION**

### Fiscal Year Ending September 30, 2022 Budget Workshop

A copy of the proposed Budget for the fiscal year ending September 30, 2022, was distributed to the Board and staff members for their review. (Copy filed with official minutes.)

Managing Director Fred Peivandi started the meeting with an overview of the proposed 2022 budget changes:

Mr. Peivandi stated that the MTF funds budgeted for next fiscal year is \$37,811,134, which is 4% less than the estimate of \$39,376,182 provided by the State of Michigan's Treasury Department.

There are two new employee positions being added for 2022:

- Engineering Aide II due to increased construction activities.
- Communications Coordinator under the Director of Operations.

All non-union employees will be receiving a 1% increase

### Commissioners - Department 10

No changes.

### Engineering Department – Department 15

- Added an Engineering Aide II due to increased construction activities.
- Recommending the Board appoint Eric Johnston to be the next County Highway Engineer with an additional \$3,000 yearly compensation.

### Maintenance Department – Department 20

- Increased the contracted services for the repair of miscellaneous drainage issues.
- Added a line item for Perma-Zyme for limestone resurfacing
- Added additional limestone materials for routine maintenance of gravel roads and shoulders.
- Added asphalt material for routine maintenance of paved local roads.

### Fleet Maintenance & Facilities Department – Department 30

- Recommend a pay increase for the Director of Operations to \$125,000 per year due to additional responsibilities. He is the second in command of the organization and serves as the Managing Director in my absence.
- Replacing seven (7) snowplows
- Restoration on Fleet Maintenance lube bay roof and south-end roof.
- Leasing one Gradall XL4100
- Adding a bay door to the Linden District garage for easier equipment access into the building.
- Acquiring five (5) walk-in roll packers for motor graders.
- Acquiring a 64K heavy duty drive-on hoist for Fleet Maintenance.

### Human Resource – Department 60

No Changes

### Finance – Department 70

- After two successful years of budgeting and audit performance, recommend putting the Finance Director on the exempt classification wage scale at level four.

### Administration – Department 81

- Reduction in office supplies by 15%
- Increase in contracted services by 21% due to IT Department needs
- Reduction in travel and training by 19%

Overall, the Administration Department has a \$7,114 reduction as compared to 2020/2021 budget.

Finance Director Tracy Khan gave a PowerPoint presentation of the proposed fiscal year ending September 30, 2022 budget, outlining sources of revenues, expenditures and a comparative report for each department. Ms. Khan included the MTF Funds revenue history as provided by Michigan Department of Transportation (MDOT) and added that MDOT posts this information twice a year in February and August on their website. Ms. Khan indicated that we are expecting \$39,376,182.36 in MTF revenue. While the MTF revenue is estimated to increase by \$1,067,411.06, based on projections provided by Michigan Department of Transportation, the total budgeted revenue for the fiscal year 2022 is expected to increase by \$596,714 from the previous year's budget. In our contingency plan, we have a policy of keeping our Fund Balance at the greater of 50% of MTF revenue or 2 months average expenses. This is approximately \$18,900,000.

Other highlights Ms. Khan noted include:

- We are dedicating \$2,520,000 to Local Road Improvement (Department 91), allocation to townships as matching funds.
- Continuance of \$2,000,000 to Retirement Healthcare Funding Vehicle, for unfunded liability.
- Increased Pension Contribution to Genesee County Retirement System due to changes in the required contribution rate, approximately \$198,644.
- The budget reflects an estimated \$91,000 increase in health insurance costs.
- Added an Engineering Aide II position to Engineering (Department 15).
- Add a Communications Coordinator to Fleet Maintenance & Facilities (Department 30).
- We will be purchasing the copiers for \$1 each this fiscal year (they are currently leased). The copiers are still in good condition and we will look for a company just to provide service. This will save us \$7,000 per year.
- Increase in payroll taxes.
- Department 90 life insurance increased significantly this past year.

Ms. Khan commented that for 2022, there is still not sufficient funding to meet all the needs in Genesee County's local road system. We are proposing the use of Fund Balance, in the amount of \$2,922,217 to meet budget objectives of Fiscal Year 2021/2022.

At this time, each Department Director gave an overview of their Department's budget.

#### Commissioners - Department 10

Managing Director Fred Peivandi stated that there are no changes to Department 10 budget from the last fiscal year.

#### Engineering – Department 15

Engineering Director, Eric Johnston summarized the changes to the Engineering Department's Budget. Engineering is adding one staff member to Traffic Engineering for the Permit Department. With the Dort Highway Extension project wrapping up, we will be decreasing Construction Engineering overtime by 17%. Equipment rental will increase by 19% due to equipment needs to work on projects, such as vehicles, cell phones, and computers - anything that has a Schedule C rate as determined by MDOT. In addition, Mr. Johnston added that they hired three new staff members so training costs have increased.

#### Maintenance – Department 20

Maintenance Director Anthony Branch summarized the Maintenance Department changes. The maintenance budget reflects an increase in labor costs of 1% due to the collective bargaining agreement contracts. Contracted services increased by \$100,000 for a drainage repair contractor due to an influx in deep culverts that need repairs due to age. Because these culverts are very

deep, we contracted the work out. Material costs have increased overall by \$480,000. The areas that were increased include \$200,000 for hot mix and tack coat for asphalt on paved local roads and skip patching repair in bad areas. Crack seal material increased by \$30,000. Scrub seal material we added \$100,000 for emulsion material to prolong chip seal roads. We increased 23A limestone by \$50,000 for repairs to our gravel roads. We have seen an increase in townships requesting the Perma-Zyme, which goes hand in hand with gravel, so we added \$100,000 for the enzyme Perma-Zyme that helps form a tighter bond on limestone roads.

Mr. Branch added that travel and training increased by \$2,500 due to an influx of retirements (Supervisors) and new equipment operators. When there is turnover in a large Department, a lot of training is necessary.

Commissioner Arceo asked Mr. Branch which townships would most benefit from the added material costs in the budget. Mr. Branch answered from a maintenance standpoint when we are mowing or grading we treat all townships the same regardless of their location.

#### Fleet Maintenance & Facilities – Department 30

Operations Director Randy Dellaposta summarized the Fleet Maintenance & Facilities' Department. Mr. Dellaposta noted an increase in labor costs by 1% due to collective bargaining agreement contracts. Overall Mr. Dellaposta said he feels they have been able to manage their department budget extremely well. Department 30 is looking at an overall decrease of \$140,000 or 2% in comparison to the present budget year.

Mr. Dellaposta added that overtime was lowered by \$10,000 dollars. Contracted services had an 8% decrease which equates to \$49,000 by tightening up vendor contracts, whether it is through outsourcing or it is internal work, we were able to adjust those contracts. Materials had many number changes based on a five-year average. For fuel and gasoline, Department 30 is budgeted for diesel at \$650,000 and gasoline \$150,000. Year to date budget wise, we have used 63% of our diesel fuel and 76% for gasoline. In comparison, gas is currently \$2.38 a gallon and last year it cost us \$2.11. Diesel cost is \$1.94 compared to last year's price of \$1.71. Guardrail costs have decreased because we are contracting the work out through Department 20 - Maintenance (labor and material). Signs and signal had an increase of 33% on signs and 14% increase on signals. Building and grounds had increases of \$20,000 (17%) maintenance on facilities due to slowly deteriorating assets requiring us to put more money into them. We have a couple of critical repairs we must make on roofs next fiscal year. We will be adding a bay door to the Linden District garage; we moved the electrical to allow a door to be put in. We will look at Atlas District garage and see what it will cost to move electrical to allow a bay door to be added at this district. Flint building maintenance roof we added \$215,000 primarily to the lube bay area because it is in a critical state and the south end fleet maintenance roof is in a critical state also. Mr. Dellaposta added that we do an infrared test on all of our roofs once a year and we determine where the wet spots are based on infrared and prepare a course of action on where to repair the roof. If we catch it early enough it is a restoration as compared to a total tear off.

Mr. Dellaposta added the road equipment we budgeted includes purchasing seven snow trucks this year. We purchased seven snow trucks last year. We currently have 60 snow trucks in our fleet. The age of our fleet is crippling us because of maintenance costs and downtime so we need to keep track of the health of the fleet at all times. We are purchasing five (5) pickup trucks in this budget, based on age, mileage and departmental needs. Many of our maintenance supervisor trucks average 20K – 40K mileage per year. We try to rotate the pickups every two years to traffic engineering or construction before the mileage gets too high, which helps their resale value. We are adding five (5) Walk in Roll, rubber tire rollers behind the motor graders. We have one at the Linden garage, which allows us to perform gravel resurfacing and compact it at the same time. Mr. Dellaposta said they added a GM 5500 crew cab truck, boom mower and trim mower to the Metro District.

Mr. Dellaposta said we are adding to the capital leases, which from a business standpoint make sense to lease some of the equipment for seven years, and at the end of the lease give us three choices; buy the balloon, see what the market value is for that lease or give it back to the company.

Commissioner Arceo thanked Mr. Dellaposta for explaining the capital leases to the board when the Road Commission was considering this option for equipment. Mr. Arceo appreciates all the work he put into explaining his budget.

Finally, Mr. Dellaposta noted the shop equipment line item in his budget, which makes things more efficient for our shop mechanics, speeds repairs, as well as provides safety and longevity. He and the Fleet Manager decide what are the best options to help the mechanics perform their job. The Board approved the purchase of a new hoist, which greatly aids the mechanics in their work.

Commissioner Lane commented that when she toured the district garages, she noticed some of the districts needed minor upgrades and repairs. Mr. Dellaposta stated that those concerns are going to be met and have been allocated in this budget. Mr. Dellaposta stated that the cleaning services are being re-bid for custodial and janitorial service and supplies and the Road Commission will be incorporating spot cleaning services at the districts once a month or bi-weekly.

#### Human Resources – Department 60

Human Resource Director Donna Poplar summarized the changes in Department 60 with a reduction in labor costs by \$900 due to the retirement of the Human Resource Assistant, which would be replaced by a Switchboard/Receptionist clerical position. Contracted services was also reduced by \$16,900 or (3%).

Commissioner Lane stated she did a preliminary review of the Sage Group report she received from Ms. Poplar and she noted they advised needing an HR Information System (software) for

the Human Resources Department. Ms. Poplar answered that she has not incorporated that yet, due to cost and direction from the Managing Director to bring the consultants in to determine the best system to accommodate the needs of the HR Department.

Commissioner Lane asked in looking at other road commissions, do they have a system that we can review for instance BS&A software that they used at the township she worked. Ms. Poplar stated that she is very familiar with the BS&A system but this is more of a financial system. She is not aware of any other road commission that has this type of software. She stated that each HR Department has their own requirements and they have met with our current software company Precision, but it was never designed to meet the needs of Human Resources. One of the problems with our road commission is that we have been in existence for 100 years and we would need all that data moved over to a new system. Our goal is to bring in consultants to determine the HR needs as it pertains to software. Ms. Poplar stated that is why she has kept budgeted dollars in her consultant services line item. GCRC currently utilizes Precision but they would need to come in and customize a system to meet the needs of Human Resources.

#### Finance – Department 70

Finance Director, Tracy Khan summarized the Finance Department's budget. Ms. Khan remarked that her department is now fully staffed. Overtime is down by \$4,000 as well as office supplies reduced by \$2,000. Printing and binding which is W2's and 1099's has also decreased. There is an increase in the Contracted Services line item due to an increase by Precision Computer Solutions in their annual maintenance agreement by 8% or \$3,357.

Equipment Rental decreased by \$3,500, which is mainly cell phones or laptops in her department. She has a reduction in Capital Equipment – Computer Programming by \$12,000, which was the line item for custom software changes made by Precision Computer Solutions. Road Commission of Oakland County just moved to Precision Software last year and they are looking at collaborating with other road agencies to participate in customizing certain aspects of the software such as Human Resources. Ms. Khan would like to see an update made to the Budget module and feels there is a lot of potential in this area. Overall, the Finance Department has a reduction in Department 70, which is a total reduction of 3%.

Commissioner Lane said she supports the Road Commission working with the Road Commission of Oakland County to enhance the Precision Software computer modules as it pertains to the Human Resource Department and the Finance Department.

#### Administration - Department 81

Managing Director Fred Peivandi summarized the budget for the Administration Department. He noted there is a 1% increase in labor costs for non-union employees with the exception of the Network Administrator getting a 3% step increase. There is no change in overtime dollars and he was able to reduce office supplies by 15%. Dues and subscriptions were reduced by 17% and

there is an increase in contracted services by \$4,000 due to the Network Administrator wanting to make some upgrades to computer systems this year. Mr. Peivandi said he reduced the cost of travel and training by 19% and stated he has an overall reduction of 1% or \$7,114 in the Administration Department.

#### Non-Departmental – Department 90

Ms. Khan gave an overview of Department 90 budget and said these items are not specific to any one department, this is where we record all employee benefits and, there are some areas with increases this budget year. Health insurance has increased as well as a slight increase in dental insurance costs with a more significant increase in life insurance where Human Resource was able to secure a new provider because the former provider wanted to double our premiums.

We will be purchasing our copiers, which will save us on lease payments. There was an increase in auditing services this year. Our telephone costs increased by 36% overall. The Network Administrator has made some changes to get the costs down but the increase is due to the service providers raising their prices. Insurance costs are down which includes cyber security insurance because it is covered under our umbrella premium.

Commissioner Lane said one of the areas she would like to see is more encouragement for employees to attend education and advanced learning classes.

#### Construction Engineering – Department 91

Eric Johnston stated that Department 91 is broken up into three different areas. The first and third area is our federal and state aid projects. The middle of sheet number two is our primary projects and bottom of sheet 2 and top of sheet 3 is local projects and funded projects.

For federal aid projects, we are planning on over 16 million dollars in construction this next year. That will come at a cost to the Road Commission of 4.2 million dollars. This included projects currently being constructed that will carry over to next year, projects that will be completed in the fiscal and projects we are currently completing design on for next year's projects.

For primary roads, we included the two dams, Atlas Dam in Atlas Township and Argentine Dam in Argentine Township. With the Atlas Dam, we are under a five-year plan with the EGLE or the former MDEQ. We have budgeted to do some repairs with the spillway. We have the method of the repairs in place; we have estimated costs with the contractor in place now we just need to finalize the costs and get the repairs started next year for a total amount of funds set aside of \$750,000 for that project. Mr. Johnston noted that the entire primary road costs fall under the Road Commission (MTF Funds) budget.

In addition, Mr. Johnston said we have the Argentine Dam. We did not expect to have to spend a lot of money on this year but we still have not eliminated the problem of the door that is stuck in the closed position so we are going to have to put more money towards that project. We

currently have budgeted \$300,000 for Argentine Dam repairs. Mr. Peivandi will be writing a letter to Senator Ken Horn and State Representative Mike Mueller to try to secure an additional \$500,000 in funding to help offset some of the costs for those repairs and do upgrades on the mechanicals of those dams.

Some other major issues with primary roads are bridges and culverts. We have set aside 1.5 million dollars to upgrade bridges and major culverts and in addition \$500,000 towards drainage improvements in the county.

Local road highlights include full allocation partnerships with the townships. We have budgeted just over \$5 million dollars towards the allocation funding. Townships will pay 50% of this funding and the road commission provides matching funds. SAD (Special Assessment Districts) funded at 4 million dollars with a cost to the Road Commission for engineering services of \$600,000 and the rest funded by the property owners for the construction costs.

Overall, we are just over 31 million dollars in construction costs for Department 91. Over 6 million dollars will be through the Maintenance department and the rest through Construction Engineering.

Engineering has allocated 2.1 million dollars for consulting services because we just do not have the staff to do this.

Commissioner Lane asked about the Dort Highway Extension project. Mr. Johnston answered that we have a contractor that has completed everything south of Pollock Road with the exception of the top coat of asphalt. Between Pollock Road and Cook Road, we have run into a contractual issue with the contractor where the contractor changed the method of operations that we called for in construction engineering, and now they are having an issue and we do not want to resolve the issue for them because that puts the liability on us. Therefore, we are working through this with their legal counsel and our legal counsel to come up with a compromise so we can get the contractor back out to the project as soon as possible. Yesterday, we had a meeting with all parties involved and we are very close to an agreement but there is one liability question that is still out there. The contractor is going to move forward, and we are going to give them recommendations on how to proceed and take care of the issue to keep moving forward. Once the project is complete, either we will negotiate a settlement with the contractor on how this is going to be paid for or we are going to go through arbitration to determine responsibility (engineering versus contractor).

Commissioner Lane asked if we could get more funding to help pay for this cost. Mr. Johnston stated at this time we just do not know if that will be necessary and this is a state funded project not a federal project.

Ms. Khan stated this concludes the presentation of the proposed budget for the 2021/2022 fiscal year and asked the Board is they had any additional questions.

Vice Chairperson Mandelaris inquired about the property tax line item in Department 90. Ms. Khan stated we do pay property taxes on a section of land between the Road Commission and International Academy Charter School next door (east side of building). Mr. Dellaposta explained we made an agreement with International Academy for a driveway path and they wanted a bus ramp. We pay a small portion of that tax. In addition Ms. Khan stated when we purchase right of ways and property for construction projects, for a short period so we may pay property taxes on these parcels.

Commissioner Lane thanked the departments and directors for looking so carefully at the budget to come up with savings and still maintain the same quality of work.

In conclusion, Ms. Khan asked the Board to make a motion to accept the proposed budget and place the proposed budget on the table (August 26, 2021) for public viewing and comment. Ms. Khan added that this would be advertised in the newspaper notifying the public that they can view the proposed budget at the Road Commission.

Commissioner Lane asked if this proposed budget is also on the website. Staff stated no, the public must come in the building to view the proposed budget in the Road Commission boardroom

**ACTION TAKEN** - Motion by Ms. Lane, seconded by Mr. Mandelaris, to accept the 2021/2022 proposed budget and to place the proposed budget on the table, August 26, 2021 for public viewing and comment.

**VOTE ON MOTION**

Yes: Arceo, Lane, Elkins, Dickerson, Mandelaris

No:

**MOTION CARRIED.**

**COMMISSIONERS CONCERNS**

Commissioner Elkins commented that he would like to thank the departments for the presentation this morning. Mr. Elkins added that this is his first time through a budget at the Road Commission and thanked the directors for all of their hard work.

Commissioner Arceo thanked staff for the presentation, input and resolving all the budgetary issues due to funding.

Vice Chairperson Mandelaris said when looking at the budget, it would be more helpful if staff mentioned the actual line number as well as the line item name when discussing their budget.

## **ADJOURNMENT**

Chairperson Dickerson adjourned the meeting at 10:38 a.m.

**JOHN J. GLEASON**

Clerk/Register

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Linda B. Kossak, Secretary of the  
Board of Road Commissioners

lbk, 8/10/21