

**Minutes of the Clay Township Regular Board Meeting Held Monday December 5, 2011 in the Clay Township Meeting Hall, 4710 Pointe Tremble Road, Clay Township, Michigan**

Supervisor Krueger opened the meeting at 7:30 p.m. with the Pledge of Allegiance

**ROLL CALL**

PRESENT: Supervisor Thomas Krueger, Clerk Lisa White, Treasurer Connie Turner, Trustee Tom Fetter, Trustee Karen Straffon, Trustee Joanne Shirkey

ABSENT: Trustee John Horvath

Citizens: Thirty Two

**PUBLIC HEARING FOR FRASIER BLVD SPECIAL ASSESSMENT**

**Motion** by Turner, supported by Straffon, to open the public hearing at 7:31pm

AYES: All

NAYES: None

**MOTION CARRIED**

No Public Comments

**Motion** by Shirkey, supported by Turner to close the public hearing at 7: 35pm

AYES: All

NAYES: None

**MOTION CARRIED**

**BILLS PAYABLE**

**Motion** by Turner, supported by Straffon, to pay the bills in the amount of \$86,690.61

**ROLL CALL VOTE**

AYES: Shirkey, Straffon ,White, Turner, Fetter, Krueger

NAYES: None

ABSENT: Horvath

**MOTION CARRIED**

**CONSENT AGENDA**

**Motion** by Shirkey, supported byFetter, to approve the Consent Agenda consisting of minutes, reports, notices and communications.

Shirkey: Correction on page 7, just below motion by Krueger, cross out the”do” in the second to last sentence. The synopsis is missing the board member comments, please add the ones from the minutes.

AYES: All

NAYES: None

**MOTION CARRIED**

**UNFINISHED BUSINESS**

**1. POAM Office Staff Agreement:**

Krueger: At the last board meeting I was instructed by the board to negotiate with the office staff and their business agent regarding this one item concerning the 3.5% going into a PECHA for the individual employees. The employees were wanting the money to go somewhere else and they decided they want it to go into their wages so at any point they can form a 457b, savings account or do what they want with it. They also requested I ask the board about paying them off their pooled shared funds in the post employment healthcare account instead of it being moved

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into individual PECHA accounts. I have given the board members a copy of what each individual distribution amount would be.

Turner: When the negotiations started the girls were promised a “buyout” on these amounts. I was there when it was said by the former Supervisor. They do have it in writing and they have gotten a rough deal when it comes to what the other departments in the township were able to negotiate and I think we need to do the right thing and let them get their money.

Straffon: If we do this will other unions come to us and want the same thing?

White: This is a buyout of post-employment health which is a huge benefit to the township. They will never again be entitled to retiree medical benefits. The average cost for an employee/retiree is \$20,000 a year for medical coverage. That would end and take that liability off us.

Turner: The auditors have encouraged us to do this.

Shirkey: What would the total figure be?

Krueger: Approximately \$126,000 dollars. Just to present all the facts the bargaining group has already agreed to remove themselves from post employee health benefits by taking these individual allocated amounts and moving them into individual health care savings accounts. If we pay these funds they cannot come out of the MERS account but the general fund balance. We have been contributing \$9000 a year towards this post retirement healthcare fund.

Shirkey: What does the 3.5% figure come up to for the year.

White: It's roughly \$70.00 a month times 12 months which equals \$840 a year

Krueger: It is their money but I did caution them if they decided to put the money in a PECHA account that is tax free for healthcare expenses. If they go with a 401k type deal or take the money in their check they are going to get taxed on it. The group did say they would rather have it in their paycheck and then they have control over where they want to put it. I recommend to the board that if that's what they want that's, what we can do.

Shirkey: They will tell us where they want it.

Krueger: They could put it in their check or move it to a 401K, they have options

Turner: We did pay two officers to retire with a negotiated amount. If we agree to the 3.5% and leave it where it is they will never be able to use it for what they want.

Krueger: These amounts on this sheet were generated for pre funding the liability for post employment health care. We knew several years ago we had to start recording this liability on our balance sheet. Which it is very large. Years ago we started setting aside money for this liability. This year amongst all the funds we set aside \$109,000. The more we save the lesser the liability. In contract negotiations we have changed the language for new hires and they are no longer entitled to post employment healthcare benefits.

Turner: It's like we are babysitting our employees, to make sure they save their money so they have it to pay for healthcare. I think it is up to the individual person.

Krueger: There is a cost to the township in payroll taxes if we buy them out

Fetter: The fund the money is in now cannot be taken out to buy them out.

Krueger: No it cannot be taken out because it is federally regulated and strictly regulated.

White: How is this going to affect our budget. We are not going to have to budget that \$10,000 every year. The original conversations were that the union members were going to be given a lump sum of money in lieu of them giving up the right to post employment health care. This will save tens of thousands of dollars. I feel this is the right thing to do.

Krueger: During negotiations I was asked more than once if they could take this money out and I didn't know at the time. I called MERS and they said no you cannot take those funds out. I was

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very clear. With the other employees to get them out of here we did get them to negotiate an amount. Maybe we can negotiate a smaller amount.

Turner: The original idea was 3.5% of their yearly salary times the number of years of employment

Kathy Mrozek: We were told \$1800 for every year we worked. Our issue with this is that we agreed to a "buy out" not an opt out. We have bargained in good faith. We have taken a \$267 bi weekly pay cut in hours. The increase in our MERS contributions has gone up an extra \$25.68 per pay. We will also be paying \$40.00 per pay for our insurance. That is a total of \$335 a pay less. This money is part of the reason we accepted this agreement. It would help us make ends meet. We all have obligations such as you do. We are the only group that has been beaten up on and had things taken away. A buyout is a buyout.

Straffon: What does the contract say? Does it say buy out or opt out?

Krueger: The contract doesn't deal with this. The tentative agreement is what was negotiated and deals with those terms. Item five on this agreement is the one we are considering tonight. This is what we negotiated and the terms that they agreed to along with their business agent. We have dragged our feet finalizing the actual contract until we square away the details on this situation with the opt out issues. There are two issues. One is the 3.5% employer contribution and where they want the money to go and the second is the lump sum payout out of the pooled funds for their post employment health care.

**Motion** by Straffon, supported by Shirkey to allow the 3.5% employer contribution be allowed to be put directly in their pay.

AYES: All

NAYES: None

**MOTION CARRIED**

Krueger: That takes care of one of the issues on the table. The other issue is what do you want to do with the amounts from the pooled funds. We have a couple choices. A-pay them, B- don't pay them or C-table this thing and tell me what you want me to do. Do you want me to negotiate this some more with them with possibly cents on the dollar or some other arrangement?

Shirkey: I would like to think about this some more and bring it back under unfinished business.

Straffon: I think we need to do some more research on this.

**Motion** by Shirkey, supported by Straffon to postpone the determination of the pooled post retirement health care funds for the Professional Office Staff

White: Is there anywhere else we can pull the funds from.

Turner: We have CD's we can cash. I would like to see us negotiate a percentage of what they are owed. That would at least be something.

Fetter: If we were to do this and pay out of general fund how do we recoup the money? Would the payments to MERS decrease?

Krueger: Probably not. We set the amount we contribute every year and the liability is around five million dollars.

Fetter: The amounts that are shown here are contributions we made on their behalf towards their post retirement health care.

White: When they do the actuary it should improve because we have lessened our liability.

Krueger: They will look at the actual people who will be taking post employment healthcare, life expectancy, expected costs, etc. It will help now that we have contracts in place that excludes new hires from post retirement health and we have had a few opt out. It will help reduce the number but the number is still going to be huge.

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AYES: Five

NAYES: One

**MOTION CARRIED**

**2. Recycling Program**

Krueger: I have contacted the people at the dump and people at the county who handle this program and they are supposed to be constructing a letter to send to all the municipalities and when we get that we will know more. I am also setting up a meeting with the people at Richfield that has a group that has an alternative program. I should have a lot more information after that. At our next board meeting I should have more information to share.

Fetter: Regardless of what we want to do should we still buy the dumpsters for a buck?

Krueger: Not necessarily. They can only be used as rolloff recycling containers and we wouldn't have any use for them other than what they are intended for.

**NO ACTION**

**PUBLIC COMMENTS RELATING TO ANY NEW BUSINESS**

None

**NEW BUSINESS**

**1. Resolution #2 to Proceed with the Frasier Blvd Waterline Special Assessment**

**Motion** by Turner, supported by Shirkey to adopt Resolution #2 to proceed with the Frasier Blvd Water Line Special Assessment

ROLL CALL VOTE

AYES: Straffon, Shirkey, White, Fetter, Krueger, Turner

NAYES: None

ABSENT: Horvath

**MOTION CARRIED**

**2. Resolution #3 to Set the Second Public Hearing for Frasier Blvd Special Assessment**

**Motion** by Straffon, supported by Shirkey, to adopt Resolution #3 to set the second public hearing for the Frasier Blvd Water Line Special Assessment for January 3, 2012 at 7:30pm

AYES: Turner, Shirkey, White, Straffon, Fetter, Krueger

NAYES: None

ABSENT: Horvath

**MOTION CARRIED**

**3. Fire Department Request for Trainee**

Krueger: Chief DuPage is requesting a new trainee for the fire department

**Motion** by Turner, supported by Fetter, to appoint Brian Shimanski to the fire department as a trainee

Shirkey: Brian has his Firefighter I and II training and is a Basic EMT

AYES: All

NAYES: None

**MOTION CARRIED**

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**4. Resignation of Assistant Assessor**

Krueger: Robin Martin has been with us for seventeen years and started as a co op student from the high school and has been with us ever since. She has been a good employee and we are sorry to see her go but wish her well

**Motion** by Straffon, supported by Shirkey to accept the resignation of Robin Martin

Shirkey: I want to thank Robin for all her hard work

AYES: All

NAYES: None

**MOTION CARRIED**

**5. SEMCOG Membership Renewal**

Krueger: This is our SEMCOG membership renewal. It is an annual renewal that runs from December 15, 2011 to December 15, 2012 for \$1166

**Motion** by Turner, supported by Shirkey, to approve the SEMCOG membership renewal for \$1,166.00

AYES: All

NAYES: None

**MOTION CARRIED**

**6. Commercial Cleaning Service**

White: We have been looking at the cleaning services of our township offices because we have had some less than pleasing results from our current vendor. Jani King approached us and quoted us initially \$875 per month. You have a copy of the invoice from our current vendor for \$657 per month. That's for twice a week, the main building and the board room. Jani King lowered their quote to \$775 and said the quote is generic based on square footage and once they get here and get an idea of what we want and what kind of cleaning is involved they may be able to adjust their price. We have a lot of carpeting, five bathrooms, a lot of desks and surface areas. There is no initial start up cleaning charge. There is no contract, they only request 30 days notice if we decide to stop using their service. They are a nationally known company and their employees have criminal background checks and wear uniforms. They have a local regional office. They also will leave feedback sheets so we can communicate with them. This does not include the Police Dept. I spoke to Chief Drake and he is satisfied with his service.

Shirkey: They presented a very thorough proposal of what they do.

White: We would still provide the trash liners and any chemicals we may want. They bring their own mops and vacuums so we don't have to purchase any equipment.

**Motion** by Shirkey, supported by Straffon, to accept the proposal from Jani King Commercial Cleaning Services for twice a week service for \$775 per month

ROLL CALL VOTE

AYES: Fetter, Krueger, Turner, Straffon, Shirkey, White

NAYES: None

ABSENT: Horvath

**MOTION CARRIED**

Fetter: We should get a quote from them for the Police Dept they may give us a discounted rate

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**7. Scheduled Water Rate Increase**

Krueger: Several years ago our water department was in dire straits and our accountant's drew up a schedule of increases that would help our water fund get back on track. The scheduled increase for 2012 raises the water rate 4% from \$3.27 to \$3.53 per 1,000 gallons. It also raises the fixed water supply service charge fee from \$24.00 to \$26.00

Turner: This goes into effect on January 1<sup>st</sup>.

**Motion** by Turner, supported by Straffon, to approve the water rate increase from \$3.27 to \$3.53 per 1,000 gallons and the service charge from \$24.00 to \$26.00 per quarter

AYES: All

NAYES: None

**MOTION CARRIED**

**8. Health Bill Public Act 152 of 2011; Opt Out for 2012**

Krueger: Our Governor approved a publicly funded insurance bill that dictates that municipalities have to have their employees contribute to the cost of their health care insurance. There are two ways you can do it and there is an "opt-out" if you so desire. I believe we should opt-out for 2012 because most of our employees are covered by union contracts and are excluded from this until June of 2013. This bill would only affect the department heads, the office group and the elected officials and it's not fair for only a few to have to pay more for their insurance. Most employees are already contributing about 10% of the cost of their healthcare on a bi weekly basis and as of January 1<sup>st</sup> all employees will be. This act requires about 20% contribution. Before we choose whether or not to opt out we have to choose the method we want to use to charge our employees. One method sets a hard cap limit which is \$5500 a year for a single, \$11,000 for a couple and \$15,000 for a family. Anything above those amounts the employee would have to be responsible for. This method would make it difficult to keep an accounting. The other choice is a 20% stipulation which states the employer would not pay more than 80% of the cost making the employee responsible for the remaining 20%. This is easier to calculate. We need a majority vote of the board to decide which method we would use and then we would need a 2/3 vote of the board to opt-out for 2012. We have to do this annually. When the contracts expire it won't be an option and we will have to go to the 20%.

**Motion** by Shirkey, supported by Straffon, that we elect to comply with section 15.564 sec 4 of the Publicly Funded Health Insurance Contribution Act 152 of 2011 which means we will charge back 20% of the total health care costs to the employee.

AYES: All

NAYES: None

**MOTION CARRIED**

**Motion** by Krueger, supported by Shirkey, to opt out of the Publicly Funded Health Insurance Contribution Act 152 of 2011 for the year 2012.

ROLL CALL VOTE

AYES: Fetter, Straffon, Shirkey, Turner, White, Krueger

NAYES: None

ABSENT: Horvath

**MOTION CARRIED**

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**PUBLIC COMMENTS**

R.Martin, Owns Colony Bowl. Thank Fire Chief DuPage and Clerk White for supporting Sundays FOP fundraiser

A. Bryson, Harsens Island: Recommended putting up Christmas decorations and doesn't agree with the quick decision on the cleaning company. Should be local

**BOARD MEMBER COMMENTS**

Shirkey: Assessor report was thorough and well done. Questioned Supervisor if letter was sent regarding \$25,000 pledge for Hunt Club property and thanked the Boy Scouts for attending the meeting.

Krueger: Barb and Lisa will work on getting an ad together for a qualified person to work in the assessing department.

Straffon: Commented on upcoming Saturday's "Wreaths Across Cemeteries". Need help placing wreaths on graves of veterans. Meet at New Baltimore VFW at 10:30 am

Fetter: Millside Family Council having Craft show, Santa will be there. Friday from 3:30 to 6:30pm

**ADJOURNMENT**

**Motion** by Straffon, supported by Turner, to adjourn at 8:45 p.m.

AYES: All

NAYES: None

**MOTION CARRIED**

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Lisa M. White  
Clay Township Clerk

Prepared by  
Lisa M. White  
Clerk