

Minutes of the Clay Township Regular Board Meeting Held Monday June 16, 2008 in the Clay Township Meeting Hall, 4710 Pointe Tremble Road, Clay Township, Michigan

Supervisor Manos called the meeting to order at 7:30 p.m.

ROLL CALL

PRESENT: Supervisor Jon Manos, Clerk Michael Pellerito, Treasurer Connie Turner, Trustee Thomas Krueger, Trustee John Makuch, Trustee Jay DeBoyer, Trustee David Dare

ABSENT: None

Citizens: 21

BILLS PAYABLE

Turner: A gas bill came in today for Oaklawn Cemetery in the amount of \$19.30, which we have added to the bills payable making the total \$144,178.20.

Motion by Turner, supported by Makuch, to pay the bills in the amount of \$144,178.20

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Manos, Pellerito, DeBoyer, Dare

NAYES: None

ABSENT: None

MOTION CARRIED

CONSENT AGENDA

Motion by Makuch, supported by Turner, to approve the Consent Agenda as submitted.

AYES: All

NAYES: None

MOTION CARRIED

OLD BUSINESS

None

PUBLIC COMMENTS RELATING TO ANY NEW BUSINESS

Tom Scherer, POAM representative for clerical group: Sent a letter requesting to add a letter of understand to our collective bargaining agreement reference section 17.5, Health Care Savings Account. When in negotiations under the impression all groups in Township taking this and that it would be a Health Savings Plan. With recent economy returns have not been profitable, also a fee associated with it and so employees rather than saving money are losing money so we are asking to opt out of it at this time.

N. Sarzynski, 7482 Venice: Comments on #2 - salaries.

NEW BUSINESS

1. 2008/2009 Budget Approval

Motion by Turner, supported by Makuch, to approve the 2008/2009 budget as follows:

General	\$1,488,786.00
Colony road Assessment	120,275.00
Drug Enforcement	15,000.00
Federal Forfeiture Funds	10,281.00
Mainland Fire Department	399,594.00
Police Department	2,139,500.00
Downriver Recreation	127,787.00
Oaklawn Cemetery	38,500.00
Russell Island Fire Department	6,061.90
Harsens Island Fire Department	204,663.00
Garbage Fund	562,805.00
Downtown Development Authority	749,200.00
Sewer Fund	585,250.00
Water Fund	2,332,677.00
Employee Health Care	110,000.00
Road Maintenance	34,444.49
Special Lighting	1,259.00

TOTAL \$8,926,083.39

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Krueger: Water Fund, of the \$2,332,000.00, \$605,000.00 of it, almost 25% of the budget is coming out of fund balance. Like to remind the Board that we still have some information that is supposed to be coming to us from our Attorney and Accountant and I would like to recommend that we get that information back as soon as possible. These figures include the raises that we approved for the next fiscal year and we are still over six hundred thousand dollars short.

Manos: Attorney has the information and talked to Plante & Moran 8 to 10 days ago and have heard nothing back, Attorney McNamee, will get back with him. Will ask Plante & Moran to get something back to us.

ROLL CALL VOTE

AYES: Makuch, Turner, Manos, Pellerito, Dare, Krueger

NAYES: DeBoyer

ABSENT: None

MOTION CARRIED

2. Resolution Setting Elected Officials 2008/2009 Salaries

Manos: Do this every year. The one for the Supervisor is the same as last year.

Motion by DeBoyer, supported by Makuch, to set the Supervisors salary for the 2008/2009 budget year at \$41,200.00

ROLL CALL VOTE

AYES: Turner, Manos, Pellerito, DeBoyer, Dare, Krueger, Makuch

NAYES: None

ABSENT: None

MOTION CARRIED

Manos: Next is the Clerk with a suggested 2.5% increase, a salary of \$57,676.00.

Motion by Turner, supported by Makuch, to set the Clerk's salary at \$57,676.00

ROLL CALL VOTE

AYES: Manos, Pellerito, Krueger, Makuch, Turner

NAYES: DeBoyer, Dare

ABSENT: None

MOTION CARRIED

Manos: Next the Treasurer with a 2.5% increase to \$55,414.00

Motion by Makuch, supported by Krueger, to set the Treasurer's salary for 2008/2009 at \$55,414.00

ROLL CALL VOTE

AYES: Pellerito, Krueger, Makuch, Turner, Manos

NAYES: DeBoyer, Dare

ABSENT: None

MOTION CARRIED

Manos: Number three is the Deputy Stipend.

Turner: Figured 2.5%, making it \$2,802.00

Motion by Krueger, supported by Makuch, to approve the Deputy Clerk and Deputy Treasurer Stipend for the 2008/2009 year at \$2,802.00

ROLL CALL VOTE

AYES: DeBoyer, Dare, Krueger, Makuch, Turner, Manos, Pellerito

NAYES: None

ABSENT: None

MOTION CARRIED

Manos: Next the Board of Trustees

Motion by Makuch, supported by Dare, to keep the salary the same for the Trustees at \$2,500.00

ROLL CALL VOTE

AYES: Dare, Krueger, Makuch, Turner, Manos, Pellerito, DeBoyer

NAYES: None

ABSENT: None

MOTION CARRIED

4. Resolution #4 – Lazy Lane Road Repair & Maintenance

Motion by Makuch, supported by DeBoyer, to adopt Resolution #4 – Lazy Lane Road Repair & Maintenance assessment.

ROLL CALL VOTE

AYES: Krueger, Makuch, Turner, Manos, Pellerito, DeBoyer, Dare

NAYES: None

ABSENT: None

MOTION CARRIED

5. Resolution #1 – Lake Drive Road Repair & Maintenance to Set the Public Hearing

Motion by Turner, supported by Krueger, to approve the Lake Drive Special Assessment renewal and set the public hearing for July 7, 2008 at 7:00 p.m.

ROLL CALL VOTE

AYES: Makuch, Turner, Manos, Pellerito, DeBoyer, Dare, Krueger

NAYES: None

ABSENT: None

MOTION CARRIED

6. Resolution to Set the 2008/2009 Meeting Dates

Motion by DeBoyer, supported by Dare, to set the 2008/2009 dates on the first and third Mondays except September would be Tuesday, September 2nd.

ROLL CALL VOTE

AYES: Turner, Manos, Pellerito, DeBoyer, Dare, Krueger, Makuch

NAYES: None

ABSENT: None

MOTION CARRIED

7. DRC Request for 1st Installment

Motion by Turner, supported by Makuch, to approve \$20,000.00 for the DRC's first installment as of July 1st.

AYES: All

NAYES: None

MOTION CARRIED

8. Foxfire Farms Request for Increase in Tipping Fee

Pellerito: We were sending the brush, which was being burned, that has been discontinued. It is now going to Indian Summer, at a cost of \$18.00 per cubic yard. We had discussions with Algonac City Manager Chris Wilson regarding cooperative exchange to use the chipper, have not come to an arrangement on that. The other options are to purchase our own chipper or rent or subcontract to stockpile and have a contractor come in and chip. Need to do something. The price of \$4.00 has been in place since 1996. The same to run to Indian Summer would be \$18.00.

Krueger: How is Foxfire going to do it for \$9.00 a yard if Indian Summer is going to charge \$18.00?

DeBoyer: That is grass and leaf, he can compost that. This has been a great service, many people have taken advantage of it. Don't have to make a decision on the chipping tonight, but are we questioning if we are going to continue with process?

Pellerito: Two different scenarios, the first is labor. It was \$10.00 and they would like to see that increase to \$13.00; second the leaf and grass was at \$4.00 and would like to see that increase to \$9.00. He would be willing to do either one or neither. We tried to run this unmanned and it didn't work. So whether we discontinue or change where it goes it still has to be manned. At this point in time being subbed out there is no long term debt or obligation, it's a pay as you go service and not creating any liabilities. There has not been and increase in the labor since 1996. This was put into place by some legislation that was thrown together to make an effort to do something. When you go 5 or 10 years without an increase and try to get up to speed, it looks phenomenal.

DeBoyer: Can't discontinue it, if today this is the number he is presenting obviously that is what we have to oblige. However this has a 30-day out on this so we can eliminate ourselves with a 30-day written notice, so we are not locked in to any length of time. If it be the Board's wishes that we entertain other options while we continue this service we have to be cognizant of the price we are at.

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Motion by DeBoyer, supported by Makuch, to continue with Foxfire Farms at the rate of \$13.00 a man hour and \$9.00 a yard on grass and leaves with a 30 day termination in the contract, effective July 1, 2008.

Makuch: Have used this service since been a resident here and agree can't leave it unmanned. They do a good job there, would like to see it continue.

AYES: All

NAYES: None

MOTION CARRIED

9. Elimination of Position in Treasurer's Department

Manos: Things are slow and we have done a lot of things to update how we do things so there has been a suggestion we elimination of a position.

Turner: Want the public to know this in not a cost cutting measure; since we have the BS&A software and we do everything in-house, our work has been cut over 50%. We're looking for things to do and this is the only way I see out of it. Would like to have her stay until October 1st to cover vacations and jury duty by one of the employees. Taxes will be coming out and I would like to send a couple to school to learn the software, so if we could give her 90 days that would be good.

Motion by DeBoyer, supported by Makuch, to eliminate a position in the Treasurer's department based on the efficiency of the BS&A software as of October 1, 2008.

AYES: All

NAYES: None

MOTION CARRIED

10. Mainland Fire Department Request for Basic EMT Training

Motion by Makuch, supported by Dare, to approve James Skorupski, Firefighter #53, to attend Basic EMT class in Ira Township at a cost of \$900.00 plus one credit for each class.

AYES: All

NAYES: None

MOTION CARRIED

11. Request to Reopen Office Contract

Manos: The request is for a letter of understanding that would basically eliminate the Health Care Savings contribution. We have it in a number of contracts, it isn't in the Water Department contract.

Turner: I think we should hear from the Union Stewart.

Scherer: When we entered into this we looked at it as a health care savings plan. There is a 1% cost that is assessed for operating the plan and I believe \$25.00 a year. With the earning that the plan is bringing in and those costs, the employees are actually seeing a reduction from what they are putting into the plan. It is not what we expected or hoped for and don't see a change in the future, feel it would be better if the employees had that money in their pockets.

DeBoyer: From the Township side I don't see it as a gain or a loss.

Pellerito: It is administered by MERS, that isn't a \$25.00 annual fee, there is 1%. The first quarter had a loss, I look at it as a great buying opportunity. We are currently charging \$300.00 per person, spouse and associate, upon retirement for the health care continuation. This deferral is to offset those costs. By the time some of the associates are ready for retirement I would hope the economy is in a better state and this becomes a windfall profit. I personally am in it and have no desire to be out. All of our department heads, our police and dispatchers are all in it. We probably will be revisiting the contracts in the future, it is obvious that paying \$300.00 annually for your health care and \$300.00 annually for your spouse is not going to be here; it will probably double or triple. The retired Detroit police officers that are employed here at the Township are paying over \$150.00 per month for their health care out of the largest police department in the state. It is obvious that when we initiated this it was to help prepare for post employment, not for current day living. Also, these dollars are invested in a pre-tax, which is a 7.65% savings to the associates that also mandates a 7.65% savings for the Township. This on the FICA and FUDA it more than covers the loss, it is actually a paper loss.

DeBoyer: Any reason this is not optional?

Pellerito: Yes, MERS as the administrator of the program, under a union contract it is an all for one, everyone is in or out.

Turner: Our water department does not have it and they are union. It really should be a choice.

DeBoyer: If we open it would go back to them and they would have a vote on it or are they asking to be out of it?

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Scherer: We are asking to be out of it. Based on their wages, the \$300.00 is quite an impact. And being it is running a deficit they feel they would be better off to have the money in their pocket.

Motion by DeBoyer, supported by Dare, to open the contract and opt out if they so choose.

Pellerito: When we negotiated the contract part of the increase in the wages were that ½% was to be deferred which is approximately this amount of money. So you are changing the playing field in the middle of the contract. I believe the Board is cognizant of the fact that we will have to increase employee contributions toward retiree health care.

DeBoyer: You mean as a whole out of the budget?

Pellerito: No, individually, after you are vested and leave. That was the whole premise, these are their dollars to take after post employment, as long as you are not working here those dollars are accessible by you, it is not controlled by the Township. It is administrated by MERS, it is a way to offset the future. During my time here I have negotiated contracts where the pensions were not of value, I need the money to live on today, when they become senior employees suddenly wages are not important, must have pension.

Manos: It seemed like to a good program for employees. We were willing to put extra money into the contract that we would not normally do in a straight wage negotiation. Because of that we felt it would help the employee and not give larger raises. When we got to the Water department there was confusion as to what was told to them. Don't believe there was any confusion with this contract. It is tax-free going in and tax-free coming out. You are opening a Pandora's box.

Pellerito: A point of clarification, this is tax deferred from state, federal and FICA and Medicare. Upon withdrawing to pay for unreimbursed medical expenses it is still not taxable.

DeBoyer: These dollars are usable today?

Pellerito: If you severe employment it is withdrawable immediately.

Turner: Doesn't it have to be used for medical purposes?

Pellerito: If you don't it is taxable.

Turner: Still think it should be their choice to take it or not.

Pellerito: Has to be a whole group.

Turner: We're babysitting adults, telling them how to plan their future, they should be able to do that on their own.

Manos: In 1974 when negotiated contracts it was as Mike said, didn't want pensions. Years later the comment was, "Can't retire on the Social Security". The Township at a later date went back and bought it back. I think it is good deal.

Pellerito: This is not available to everyone, less that 177,000 corporation offer it. The Township not only offers a defined benefit pension it also offers the 401K as well as a section 125 cafeteria flexible spending account to use pretax dollars to use on unreimbursed medical expenses today and then backs it up a with fourth program for post employment. We all know what you retire on is never enough. All groups are in this but one and that was an oversight so now do we set a precedent of opening contracts every time we want to change something or do we wait and bring it to the contract table. It should be done at the bargaining table, which is the purpose of a collective bargaining agreement.

DeBoyer: Is the office staff comfortable with what their options are and how it works and what we are hearing here and what they believe?

Scherer: Yes, we discussed it when were in contract negotiations. It was all tied together as a package.

DeBoyer: What changed their opinion?

Scherer: They were against it at that time but it was tied to the package.

Manos: At this point in time it would be instead of 2% cash it would be 2.5% if they opt out of the program, it destroys the intent of the program which was to create a tax deferment.

Krueger: Is removing the health care deferral mean you are also willing to reduce the wages by and equal amount?

Scherer: We haven't discussed that.

Krueger: According to what I am hearing here that was part of the deal, they threw an extra amount in there to cover the funding of the plan.

Scherer: We received the same raise as everyone else. It was 2.5%

R. Martin: Every unit got 3.5% and we got 2.5% and a half percent went into the health care savings plan and they told us it was not negotiable and the water department got to walk away with it and the elected officials didn't have to participate, if it is Township wide it should be Township wide, everybody should be in it.

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Krueger: I am a certified Public Account and been in financial management all my life and what you are giving away is a great benefit. It is something to really think about. Anytime you can tax defer something, especially in this one where you get to bring it out tax free at the end is fantastic.

R. Martin: I understand that but it should have been an option. We're being forced to do it.

Krueger: Did they get 3% and a half going into the plan or did they get 2.5%? Did everybody get 3%? That's collective bargaining.

Manos: You look at each are and its structure.

DeBoyer: We need to remain consistent, we have stated over and over that we want to get everybody on the same direction.

Pellerito: This particular bargaining unit has a B2 vested pension paying 4.8% of their gross wages. Patrol and Command have a B4 pay 9.03%, you can only take the parody so far. There are different benefits costing the Township different dollar amounts.

DeBoyer: We really shouldn't be saying that we are going to treat them as we treat everyone.

We have to treat each group as their own group and if they are going to argue to us that they are going to use the other group to measure them by we should say you can't do that.

Pellerito: The only thing that is comparable is the health care, there is no difference in the health care between group to group.

ROLL CALL VOTE

AYES: Turner, DeBoyer, Dare

NAYES: Krueger, Makuch, Manos, Pellerito

ABSENT: None

MOTION FAILED

12. Park & Recreation Millage Request

Turner: Has to be approved by the governing Board to request the funds. Next year should be approximately \$42,588.19.

Motion by Turner, supported by Krueger, to approve the 2008 request for the local millage distribution.

AYES: All

NAYES: None

MOTION CARRIED

13. AT&T Video Service Local Franchise

Pellerito: This basically the same as we have. You see on page 6 we are currently paying 3% with a ceiling of 5% on the PEG fees; for any communities that are not governing their communities with a franchise fee, this would be void for them. We can enter into the same agreement since we have existing franchise fees. Would recommend we maintain the 3% and 5%. We have requested Mr. McNamee to keep it open as far as PEG arrangements. Understand this will be a broadband cast, isn't going to be a studio but if it prevails in the future would like to be able to broadcast the Township meetings on the AT&T network as well.

Motion by DeBoyer, supported by Turner, to approve the franchise agreement with AT&T as stated 3% and 5%.

ROLL CALL VOTE

AYES: Makuch, Turner, Manos, Pellerito, DeBoyer, Dare, Krueger

NAYES: None

ABSENT: None

MOTION CARRIED

14. Chief of Police Contract

Manos: Little different way of coming up with a proposal for the salary arrangement. The police department, the patrol unit, the sergeants, we had a stipend over the what the corporal made and then what the sergeant made and when we created another position with a lieutenant that created another step. We have gone ahead and incorporated it into this proposed contract. Taking the top command and putting 5% on that and that would govern the Chief of Police contract. It has been requested for a four-year term, I am against that, it is not something we normally do.

Pellerito: Some other highlights are, the conversion of the benefit time, 60 hours sick time, 24 hours personal time and 12 hours of flex time will now be called benefit time. It is a use it or lose it basis. The vacation remains the same. Health Care savings, the request for four years has a double edge to it. He has also agreed to a fact that if command were to take a freeze or decrease it would reflect in his salary also. It is 5% over the lieutenant salary.

Turner: If he is salaried is there a reason why you have the benefit days in here?

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Pellerito: The assessor, Building administrator and Water Department Superintendent would like to keep theirs as well. Yes, there is a time even though you are on salary you need some time off and we expect you to use that time, it is always a monitor for the hours applied to the job. Also, with salary in law enforcement you could have some overtime you bring into this if you didn't have that as well.

Makuch: Have no issues with salary or the 5% over the top paid command officer, Chief Drake has done a marvelous job. In the four years of serving as a Trustee I was under the impression we were working to get everybody's contract expiring at the same time.

Pellerito: Yes we did. The Patrol contract was a four-year, went from 2006 to 2010, the Command tried to bring it up and went from 2007 to 2010 and the Dispatch fell in place so there really is no rhyme or reason, it simply is there.

DeBoyer: When does Command's contract expire?

Pellerito: 2010

DeBoyer: This would be to 2012, my concern would be, there is a potential of no one on this board being here and there is the potential of the negotiating Command's contract without the thought occurring that they are negotiating the Chief's contract at the same time, with the 5% above instantaneously.

Motion by Makuch, supported by Turner, to accept the contract with all the terms but for two years to coincide with the other police contracts ending in 2010.

Krueger: Don't see where we say "at will employee", should we put that in this one and all of our managers? That term has a lot of legal meaning, and even though we say "termination of this contract by the decision of the employer for any reason is reserved to the employer" I think we should make all contracts that cover our manager say they are all at will employees.

Pellerito: Actually it is a just cause now.

Krueger: An at-will-employee means we can dismiss without having to show just cause.

Manos: Think that is the intent of that language. If cause and it is upheld there is a ceasing of all benefits.

Pellerito: This is the same contract that has been in place for six years, only difference is the salary, the benefit days and the health care savings.

Manos: Can have the attorney look at before you approve the contract.

ROLL CALL VOTE

AYES: Turner, Manos, DeBoyer, Dare, Krueger, Makuch

NAYES: Pellerito

ABSENT: None

MOTION CARRIED

PUBLIC COMMENTS

W. Austin, 8090 Marsh Road: Comments on Foxfire Farm.

P. Watson, 6307 Benoit Road: Comments of Office contract.

BOARD MEMBER COMMENTS

Makuch: Commend Water Department during power loss. DRC did good job at Dustin Bochman Memorial Safety day.

ADJOURNMENT

Motion by Makuch, supported by DeBoyer, to adjourn the meeting at 8:42 p.m.

AYES: All

NAYES: None

MOTION CARRIED

Michael P. Pellerito
Clay Township Clerk