

December 28, 2010

THAT the meeting was called to order by Commissioner Peckens at 9:30 A.M. in the Board Room of the Livingston County Road Commission, 3535 Grand Oaks Drive, Howell, Michigan. Notice of the meeting was posted in accordance with Act #267 of 1976.

A. ROLL CALL

Commissioners Present: Stephen F. Crane
John T. Dunleavy
David R. Peckens

Staff Present: Michael Craine, Managing Director
Donald Kuchnicki, Finance & Policy Director
Jodie Tedesco, County Highway Engineer
Steve Wasyilk, Director of Operations

Others Present: Chris Behnan, Daily Press & Argus

B. APPROVAL OF AGENDA

ACTION: It was moved by Commissioner Crane, seconded by Commissioner Dunleavy, to approve the agenda as presented.

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

C. CALL TO THE PUBLIC

1. Public Hearing—2011 Budget

Mr. Craine reviewed the proposed 2011 budget with the Board along with the proposed amendments to the 2010 budget. The presentation included identification of the cash and condition issues that are the essential drivers of the underpinnings of the budget. The principal problem is developing an accurate prediction for MTF receipts for 2011. Mr. Craine stated that although vehicle registrations appear to have stabilized, fuel sales continue to be quirky and more volatile. Recent increases in the price of gasoline could cause us to revisit the decline in travel that we saw in 2009.

The changing political scene also adds to uncertainty. The new governor proposes new business models and the general fund problems including the interdepartmental grants or IDGs transferred from the transportation fund were a major issue. Mr. Craine stated that the budget was based on a 2% drop in revenues in 2011 compared to 2010. Trends over the last three months have indicated that that may be too conservative. This sense of conservatism is offset by the relative increase in both wholesale and retail prices of gasoline. The MTF is the principal source of income for the Road Commission, amounting to 65% of the budget. Accordingly, prediction needs as much accuracy as possible.

The balance of the revenues include the revenue grants from certain planned projects and the construction income generated by the Lakeland Trail project in Putnam Township. The expenditure budget also was somewhat conservative. The major investments include maintaining current investment levels in routine maintenance of roadways, completing the Old U.S. rehabilitation project, installing a center left-turn lane on a portion of Grand River west of Burkhart Road in Howell Township, and conducting some utility related repairs on East Grand River in Brighton Township.

Mr. Craine stressed that the major need for 2011 is improved pavement maintenance. He stated that a line item has been included to that end showing investment at least on par with that expended by the Road Commission in prior years.

There was also a review of the detailed maintenance strategies and investments to be made in 2011 and a discussion of bridge improvements and bridge plan development. Supporting expenses in the areas of equipment, administration, and capital outlay also were reviewed.

The principal concern for 2011 is the ending cash balance for the fiscal year. In funding the pavement maintenance program without any offsetting income to support it, the fund balances are below the amount normally maintained by the Board for cash flow purposes. Mr. Craine displayed three scenarios involving project cost control and revenue estimation methods that should be pursued further prior to a final commitment by the Board to any pavement projects. There were detailed discussions regarding the importance of maintaining adequate balances for winter storm response and financial commitments previously made by the Board.

2. Call for Public Comment (1)

No Response

D. ACTION ITEMS

1. Adoption of Budget
● 2011 Fiscal Year
(Resolution 1012-073)

The proposed 2011 fiscal year budget was reviewed in detail during the public hearing and staff recommended its approval.

ACTION: It was moved by Commissioner Crane, seconded by Commissioner Dunleavy, to approve the adoption of Resolution 1012-073 with the understanding that there is to be no implementation of the construction program until there is a revenue conference with the Board sometime in March. (Certified Copy on file in the Board Meeting Resolutions.)

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

2. Non-Union Salaries
● 2011 Budget Year

Mr. Craine presented Board members with a memorandum indicating that road funding had not recovered adequately for 2011. He stated that he was uncomfortable requesting or recommending salary range adjustments at this time. He observed that recent federal changes establishing a temporary reduction in Social Security contributions by employees will effectively provide them with a 2% increase in their check. Mr. Craine reminded the Board that when this federal program terminates in December of 2012, that the non-union employees will have had three years of no increase and the clear perception of a tax increase when the FICA payments are returned to their normal percentage.

Commissioner Peckens talked at length regarding the high quality work being performed by this group of supervisors and administrators. He stated that he felt that it could not be expected that this pattern of no increase could be continued indefinitely and that he looked for improving conditions in order to address this issue. In the meantime, he expressed his own appreciation and that of his colleagues to the fine work being done by the supervisory and administrative officials.

3. Election of Board Officers
• Year 2011
(Resolution 1012-074)

Board members annually elect a chairman and vice-chairman to guide their deliberations for the coming year. For the year 2011, the Board elected Commissioner Peckens to continue as chairman and elected Commissioner Crane to serve as vice-chairman.

ACTION: It was moved by Commissioner Dunleavy, seconded by Commissioner Crane, to approve Resolution 1012-074. (Certified Copy on file in the Board Meeting Resolutions.)

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

4. County Road Association of Michigan Ballot
• Amendment-Constitution and Bylaws

Board members reviewed a proposed amendment to the constitution and bylaws of the County Road Association of Michigan. The proposed change would allow each sectional association to elect their nominated representative directly. Under current practice, nominated candidates are placed on a ballot which is then voted on statewide.

ACTION: It was moved by Commissioner Crane, seconded by Commissioner Dunleavy, to approve the proposed amendment to the constitution and bylaws of the County Road Association of Michigan as proposed.

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

E. INFORMATION ITEMS

The following items were presented to the board as information only:

1. Clip Sheets (December 9-15, 2010)
2. Clip Sheets (December 16-27, 2010)

F. CALL TO THE PUBLIC (2)

No Response

G. LEGAL

No Report

H. ADMINISTRATIVE BUSINESS

1. Minutes
 - a. Regular Board Meeting
December 9, 2010

The proposed minutes of the meeting of December 9, 2010, were presented to the Board for its review and approval.

ACTION: It was moved by Commissioner Peckens, seconded by Commissioner Crane, to approve the meeting minutes of December 9, 2010.

Ayes: Commissioners Crane, Peckens.

Abstained: Commissioner Dunleavy

Nays: None.

Motion Carried.

2. Bills

ACTION: It was moved by Commissioner Dunleavy, seconded by Commissioner Crane, to approve vouchers 069569 through 069670 in the net amount of \$413,979.31.

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

3. Meetings Announced

a. **Next Regular Board Meeting**
January 13, 2011 - 9:30 a.m.

b. **Seven County Council Quarterly Meeting**
Tuesday, January 18, 2011-9:00 a.m.
Host: Gratiot County Road Commission

4. Financial Reports Reviewed

a. **Cash Position Statement**

5. Miscellaneous Road Items

Jodie Tedesco informed the Board that Kloote Contracting was expected to begin work on the Latson Road Bridge right after the New Year's holiday.

Commissioner Peckens observed that there was adequate time remaining and that it would be appropriate to ask Mr. Craine if he would like to conduct his personnel evaluation this morning rather than deferring it to January 13. Mr. Craine said that he would but that he was requesting a closed session so that members of the Board and he could discuss the review with complete candor.

ACTION: It was moved by Commissioner Dunleavy, supported by Commissioner Crane, to enter into closed session at 10:55 a.m. for the sole purpose of conducting a personnel review of the Managing Director and in response to his request for a closed session.

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

ACTION: It was moved by Commissioner Dunleavy, supported by Commissioner Crane, to return to open session at 11:37 a.m.

Ayes: Commissioners Crane, Dunleavy, Peckens.

Nays: None.

Motion Carried.

I. ADJOURNMENT

There being no further business to come before the Board, Chairman Peckens declared the meeting adjourned at 11:37 a.m. Motion carried.

Signed _____
David R. Peckens, Chairman

Signed _____
Michael Craine, Managing Director