

# **Road Commission Ad-Hoc Committee**

*Christian Marcus*

*Ed Boettcher*

*Eugene Dawson*

## **Minutes**

**October 18, 2013**

Members present: Christian Marcus, Gene Dawson and Ed Boettcher

Members absent:

Others present: Pete Garwood, Burt Thompson, Mike Crawford

### **1. Meeting was called to order at 8:30 a.m.**

### **2. Public Comment**

None.

**Motion by Christian Marcus, seconded by Gene Dawson, to appoint Ed Boettcher as an interim chair (until other members are appointed to the Committee).**

**Motion carried – unanimous.**

The Committee discussed what their function is. The committee agreed they are a fact finding Committee. Once complete, the facts will be presented to the full Board of Commissioner's.

Pete Garwood, County Administrator, will get information from other County's that have looked at the possibility of utilizing the statue that allows for road commissions to be under the supervision of the Board of Commissioner's rather than under the current Road Commission Board.

Issues to look at:

- Pension funding
- Healthcare funding
- Can we take advantage of the economy of scale – e.g. have one entity perform services such as payroll.

If the Road Commission is under the Board of Commissioner's, the operation could no longer be covered by the liability insurance pool and the worker's compensation pool they are currently covered by, which are specific to road commission agencies.

Pension

Burt Thompson, Road Commission Manager, gave an overview of the current pension situation. They currently have a 55/30 rider. They have a post-retirement health care plan of \$250 per month till the age of 65, and then it drops to \$200 per month. The Committee would like to have a MERS representative come to a future meeting.

In 2011 the Road Commission offered an incentive for employees to retire. They had 5 employees take the retirement. They have not replaced these positions. They currently have 25 union employees, and 7 employees that are non-union. That is a decrease from 36 union employees in 2004.

**Motion by Gene Dawson, seconded by Christian Marcus, to recommend the Chair of the Board of Commissioner's appoint a member of the Road Commission Board to the Road Commission Ad-Hoc Committee. Motion carried – unanimous.**

Ideas for a business person on the Committee:

- Ron Reffit
- Mike Ballard
- Bob Stibbs
- Tom Summerfield
- Robert Atkinson
- Ed Kiessel
- Larry Stine
- Mr. Bradley

The Committee was interested in learning more about the Road Commission as an organization, including:

- Most recent MERS report
- Position description for Administration Staff
- Union agreement
- Audit and ACT 51 report
- Salary, wages and benefits for all employees

The Road Commission is a separate component of government.

All equipment, buildings, etc., are completely owned by the Road Commission.

90% of Michigan Transportation Fund must be spent for road purposes.

Mr. Thompson will email the requested information to Mr. Garwood who will disseminate it to the Committee members.

The website of the Road Commission is [www.antrimcrc.org](http://www.antrimcrc.org).

January 1, 2015 is the deadline for putting road commissions under Board of Commissioner supervision.

The next meeting is scheduled for November 22<sup>nd</sup> at 8:30a.m.

The meeting was adjourned at 10:05 a.m.

# **Road Commission Ad-Hoc Committee**

*Ed Boettcher, Chair*

*Christian Marcus*

*Eugene Dawson*

*Fred Hunt*

## **Minutes**

**November 22, 2013**

Members present: Christian Marcus, Gene Dawson, Ed Boettcher, Fred Hunt, Ray Ludwa  
(was asked by Mike Crawford to check out the meeting and decide if he wants to participate)

Members absent:

Others present: Pete Garwood, Burt Thompson, Deb Haydell, Sheryl Guy, Sherry Comben

### **1. Meeting was called to order at 8:30 a.m.**

### **2. Public Comment**

None.

Chair Ed Boettcher reviewed the agenda topics for the current meeting and for future meetings.

Mr. Boettcher looked at the Road Commission Board compensation if the roads were under the Board of Commissioner's. There should be approximately \$30,000 less money spent overall.

The Committee discussed the political issues associated with overseeing the Road Commission.

Ray Ludwa inquired as to why the Commissioner's are considering this issue.

Mr. Boettcher outlined the reasons why it was important to consider this issue.

Burt Thompson, Road Commission Manager, informed the Committee that in the early 1900's, the townships managed the roads. 1909 legislature put all roads, except State and Federal highways, under County Road Commissions.

Mr. Thompson further explained that currently, when working with the townships, with some caveats, the townships pay 90% of the cost, and the Road Commission pays 10%.

Primary roads – 100% is to be paid by the local unit of government if they request it to be paved.

Local roads – 90% is paid by the local unit of government, and 10% by the road commission.

\$823 per month per individual for the 2 Road Commission members health and dental insurance, which is \$9,876 per year per individual or \$19,752 total.

Summary of political issue if the Road Commission is transitioned to supervision by the Board of Commissioner's:

- Commissioner's may play politics with their district vs. other districts.
- Road Commissioners are appointed for 6 years vs. County Commissioners who are elected for 2 years. The learning curve could have negative consequences.
- The public already assumes County Commissioners have authority. A change would give citizens a single point of contact. The County Commissioners currently have a buffer toward road complaints.
- Public will have high expectations with a change.
- Initial change could be time consuming.
- Potential that a change could place some perceived obligation on the County's general budget.
- Would be a time burden on the County Commissioners.
- Difference in pay and benefits between the County Commissioners and the Road Commission.

Pete Garwood, County Administrator, working with Burt Thompson, Road Commission Manager, will contact the Michigan Municipal Risk Management Authority (MMRMA) and get a quote for covering the Road Commission.

Mr. Garwood and Mr. Thompson will bring health insurance plans to the next meeting.

Mr. Thompson will bring other post-employment benefits, financial statement, cash flow statement and budget to the next meeting.

Committee members can find the ACT 51 Report & Annual Audit on the Road Commission website.

Sherry Comben, Deb Haydell and Sheryl Guy have requested copies of agendas in the future.

The meeting was adjourned at 11:00 a.m.

# **Road Commission Ad-Hoc Committee**

*Ed Boettcher, Chair*

*Christian Marcus*

*Eugene Dawson*

*Fred Hunt*

## **Minutes**

**December 20, 2013**

Members present: Gene Dawson and Ed Boettcher  
Members absent: Christian Marcus and Fred Hunt  
Others present: Jerome Doberzelewski, Burt Thompson, Gayle Pratt, Mark Jahnke, Sherry Comben, Gene Dawson, Ray Ludwa and Janet Koch. Mike Crawford joined the meeting at 8:55 a.m. Sheryl Guy attended a portion of the meeting.

### **1. Meeting was called to order at 8:35 a.m.**

### **2. Public Comment**

None.

### **3. Liability Insurance**

Ed Boettcher, County Commissioner, said the Committee is preparing a presentation to the Board of Commissioner's regarding recommendation for or against changing the Road Commission's supervision from the Antrim County Road Commissioners to the Antrim County Board of Commissioner's.

Mr. Boettcher said other counties have thought there might be savings through insurance. Gayle Pratt from the Michigan County Road Commission Self-Insurance Pool (MCRCSIP) gave some background on the pool. Ms. Pratt told the Committee that in the 1980's, county road commissions had a hard time getting insurance. In the eighties there were many challenges to governmental immunity due to vehicle accidents and this resulted in an increase in insurance costs. She added that not only are snowplows a difficult vehicle to insure, but that road commission buildings themselves are complicated for insurers.

PA 138 of 1982, Intergovernmental Contracts Between Municipal Corporations, allowed for the creation of a group self-insurance pool. The pool's bylaws don't currently allow insurance of any group that isn't a road commission. The pool isn't an insurance agency; it administers self-insurance and assists with risk management. Ms. Pratt said they're not trying to supply the cheapest insurance, but they are trying to be the most cost effective.

The pool has nine directors. The State is split into three districts and has three directors from each district. Five directors are road commissioners.

Ms. Pratt said the Michigan road commissions are a close group who tend to work together; the pool enhances that relationship. Ms. Pratt gave the example of the recent loss to Alcona County Road Commission of their only road commission garage. Many other road commissions in the State provided fast assistance that allowed them to be up and running in a short time.

The pool replacement costs cover all the equipment on a snowplow, not just the vehicle itself. The current pool insurance charges for fleet vehicles are 39 cents per hundred dollars. After large claims, there are no penalties. Insurers new to road commission, Ms. Pratt said, tend to start charging low premiums, then rise significantly as the insurance company gains more experience with road commissions.

Jerome Doberzelewski, Antrim County Road Commissioner, said in the eighties it was hard for road commissions to get insurance due to high claims. He added that the pool distributes dividends to road commissions. Ray Ludwa said its essentially a co-op. Ms. Pratt agreed and added that the pool has two full time loss control employees who work with road commissions to reduce risk. However, the road commissions often ask the pool for help.

Ms. Pratt said Specialty Claims Services, Inc. is a third party administrator for the pool's claims. Mark Jahnke, from Specialty Claims, said they most often process general liability claims and most of those are highway and road defect claims, similar to product liability claims. Mr. Jahnke told the Committee that in Michigan there is comparative liability, that though the plaintiff is partially at fault, the defendant is also at fault, so the award is reduced, which juries often find sympathetic. Mr. Jahnke said that since the pool was established, there have been fewer claims due to a more solid approach to defending the claims. He mentioned a "freezing the facts" approach to potential claims. Burt Thompson, Antrim County Road Commission Engineer-Manager, said that when dispatch notifies him of an accident, he's usually on the site within an hour, taking pictures and creating documentation that "freezes the facts" regarding an accident scene.

Mr. Jahnke said that case law now limits the ability of plaintiffs to pursue road commission claims. There were about 230 open lawsuits in 1990; currently there are about 40. Mr. Jahnke mentioned some key cases.

Mr. Boettcher asked why the road commissions who are now supervised by county commissioners can't be covered by the pool. Ms. Pratt said the pool's current bylaws don't allow it. The question was put to the membership for a vote, but it was turned down. Ms. Pratt said the pool's members are concerned about a loss of focus if the pool's membership was expanded to include county commissions. Mr. Jahnke, Ms. Pratt, and Mr. Thompson agreed that the success of the pool is due to the ability of the membership to work together.

Ms. Pratt said that if a road commission is sued, the pool has a \$10,500,00 general liability limit and the road commission has to come up with the rest. If the roads were under the county commissioner's authority, the county's general fund would be responsible.

Ray Ludwa noted that the set-up of the pool and the road commissions seem to be consistent with the 1909 statute that gave counties the ability to create county road systems.

Mr. Thompson said that in his view, the number one item that saves money for the road commission is the pool. He believes that if road commissions are dissolved, that road liability issues will increase.

Mr. Doberzelewski said that the pool has access to the best road attorneys in the state. Mr. Boettcher asked if the pool works with MDOT and was told that they file amicus briefs with MDOT and that pool attorneys work with the attorney general's office.

The Committee was told that the pool has an active investment program which is built to support the members.

#### **4. Various Matters**

Mr. Boettcher asked Mr. Thompson about Workman's Compensation. Mr. Thompson said it's a self-insured pool that only represents road commissions, per State law. There are 71 counties that participate; heavily populated counties are typically self-insured.

The Committee then discussed the health insurance that the Road Commission provides. There has been a contract in effect, but in July the Road Commission will fall under PA 152. While the current rates fall under the hard cap; that may change soon.

Ms. Koch distributed a summary of the health insurance policies currently offered by Antrim County.

Mr. Thompson distributed a page from the Road Commission's last audit. The unfunded actuarial accrued liability, which is health insurance for retired individuals, is \$978,361. This covers Road Commission employees eligible for retirement under MERS rules. The Committee looked at the line item "Annual Required Contribution" of \$106,909 and compared it to the "Annual OPEB Cost Contributions made" of \$51,570. Mr. Thompson said the Antrim County Road Commission is in a better position than most road commissions.

The Committee scheduled their next meeting for 8:30 am on February 21, 2014. Mr. Boettcher would like to see two presenters at that meeting; the auditor and a MERS representative.

Mr. Ludwa asked for a target date for presenting the Board of Commissioner's with a recommendation. Mr. Boettcher said he anticipates one more meeting of the Road Commission Ad Hoc Committee. Mr. Ludwa said he would like to see an executive summary of the information the Committee has gathered; Mr. Boettcher said he's been working on that.

At the close of the meeting, Mr. Thompson said the Road Commission was recently awarded a \$900,000 for the reconstruction of 3.3 miles of Old State Road.

Referring to Mr. Thompson's estimate of a \$30 million cost to rehabilitate the Antrim County Roads, Mr. Boettcher asked Mr. Thompson about a fifteen year plan, asking what an annual figure might be to start saving the monies. Mr. Thompson was reluctant to give a number due to constantly changing road conditions. He added that 14 of the 15 Antrim County townships have road millages.

The meeting was adjourned at 10:38 a.m.