

# **Road Commission Ad-Hoc Committee**

*Ed Boettcher, Chair*

*Christian Marcus*

*Eugene Dawson*

*Fred Hunt*

## **Minutes**

**February 14, 2014**

Members present: Ed Boettcher, Gene Dawson, Christian Marcus, Fred Hunt  
Members absent: None  
Others present: Ray Ludwa, Deb Haydell, Mike Crawford, Sherry Comben, Burt Thompson, Tom Zick, Jerome Dobrzelewski, Sheryl Guy, Janet Koch, Pete Garwood, and Tony Radjenovich (arrived at 8:50 a.m.)

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

### **2. Public Comment**

None.

### **3. Presentations**

#### **Road Commission Auditor - Tom Zick**

Mr. Zick (Thomas R. Zick CPA, P.C.) told the Committee that road commissions are required to use a cost accounting method, which is a different system than the County uses. Moving the Road Commission accounting to the Antrim County system might require additional staffing and training. He said that road commissions allocate costs to roads directly per Act 51. Employee time cards assign hours to local, primary and state roads. In addition, costs for certain projects are sometimes assigned to specific townships.

Ed Boettcher, County Commissioner, asked Burt Thompson, Engineer-Manager of the Road Commission, if the Road Commission's contract with the State of Michigan is an annual contract. Mr. Thompson said it's a two- or three-year contract. He added that 63 counties have contracts with the Michigan Department of Transportation (MDOT).

Mr. Zick told the Committee that even under the Road Commission's current structure, the accounting could be done by County staff as long as they are in compliance with Act 51. Mr. Zick said Act 51, which was passed in 1951, allocates monies to counties based primarily on road mileage. The monies come from fuel taxes and vehicle registrations.

Christian Marcus, County Commissioner, asked about road classifications within the County. Mr. Thompson said changing a road's current local classification to a primary classification would be difficult as there is a state formula that must be met.

Pete Garwood, County Administrator, asked for Mr. Zick's thoughts on the Road Commission. Mr. Zick said he considers the Antrim County Road Commission to be a well-run organization. Jerome Dobrzelewski, Road Commissioner, said some credit for the Antrim County Road Commission's success goes to Mr. Thompson, who fills the dual position of engineer-manager very well. Mr. Zick added that longevity and continuity are also factors.

Mike Crawford, Chairman of the County Commissioners, asked about the Road Commission's unfunded liability. Mr. Zick said it's a problem everywhere. He added that with fewer employees at the Road Commission that it will take time to recover. Mr. Thompson said the staff reductions have been through attrition. At this point, there are more Road Commission retirees than active employees. Mr. Zick added that it's an actuarial liability. Mr. Thompson said in 2009 they recognized there were issues with the pension fund and started increasing contributions.

**Michigan Employees' Retirement System (MERS) Representative - Tony Radjenovich**

Mr. Radjenovich told the Committee that the assumption rate of 8% continues to be historically accurate. If it was reduced, municipalities would have to increase contributions. Though the dips in returns hurt more than the spikes help, MERS regularly checks to ensure that the 8% is still accurate.

Mr. Radjenovich gave a presentation on unfunded liability. He said with MERS, municipalities must make minimum required contributions. He explained that in road commissions, employee turnover is typically low and a large percentage stay until they're vested. In addition, road commission employees don't tend to work past their earliest eligibility. Another complicating factor is the average age of new hires is high due to the necessity of hiring experienced employees.

Sherry Comben, County Treasurer, asked how the Road Commission's unfunded liability would change with a change in oversight. Mr. Radjenovich said it wouldn't, but he noted that the Road Commission's unfunded accrued liabilities would show up on the County's financial statement if the County Commissioners absorb the Road Commission. He added that any change in pension plans is subject to collective bargaining and must be negotiated with the unions.

Mr. Radjenovich described a number of methods to reduce unfunded accrued liabilities. He added that the MERS retirement pool for road commissions includes sheriff's departments and other groups.

**4. Various Matters**

The next committee meeting was scheduled for Friday, March 28<sup>th</sup> at 8:30 a.m.

The meeting was adjourned at 10:35 a.m.

# **Road Commission Ad-Hoc Committee**

*Ed Boettcher, Chair*

*Christian Marcus*

*Eugene Dawson*

*Fred Hunt*

## **Minutes**

**March 28, 2014**

Members present: Ed Boettcher, Gene Dawson, Christian Marcus, Fred Hunt

Members absent: None

Others present: Pete Garwood, Janet Koch, Burt Thompson, Jerome Dobrzelewski

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

### **2. Public Comment**

None.

### **3. Committee Conclusion and Recommendation**

The Committee reviewed a spreadsheet of advantages and disadvantages of the Board of Commissioner's overseeing the Road Commission. The spreadsheet was drafted by Ed Boettcher and reformatted by Janet Koch.

Changes were made to the spreadsheet:

- Additional road funding is a very important issue that must be addressed, but will not be included in this report.
- Improve communication to commissioners and general public.
- Add an accountability section.
- Burt to provide Road Commission spreadsheet which illustrates the funding over the last number of years.

It was the consensus of the Committee to recommend the Road Commission structure remain unchanged.

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