



Budget & Finance Committee

Wednesday, April 19, 2017 at 9:30 a.m.
Room 212 – Otsego County Building
225 West Main Gaylord, MI 49735

MINUTES

CALL TO ORDER

Mr. Beachnau called the meeting to order at 9:30 a.m.

Roll call – Present: Ken Borton, John Burt, Rob Pallarito, Paul Beachnau, Ken Glasser

Others present – Rachel Frisch, Diann Axford, Maureen Derenzy, Barry Owens, Corey Connolly

APPROVAL OF MINUTES

Motion by Mr. Glasser to approve the minutes from the March 15, 2017 Budget and Finance Committee meeting. Seconded by Mr. Borton. Motion passed unanimously.

UNFINISHED BUSINESS

None

NEW BUSINESS

A. Library Land Purchase Agreement

Mr. Burt presented a proposed agreement for the sale of the Library land off of Elm Street, one block East of North Center Street for \$100,000. The funds will stay with the Library. He explained that the County's legal counsel has reviewed the purchase agreement.

Motion by Mr. Borton to recommend to the full Board approving the library land purchase. Seconded by Mr. Pallarito. Motion passed unanimously.

B. PACE Program

Barry Owens from Treetops Resort informed the Committee that he has been researching the Property Assessed Clean Energy (PACE) Program for over a year. The State of Michigan passed a Statute in 2010 to give municipalities the authority to create a PACE District, which is to be treated as a special assessment district. The program provides long-term financing for increased energy efficiency, water efficiency, or renewable energy projects, with the loan to be repaid with the energy cost savings. This financing option is guaranteed by the property owner's property taxes. Because of this guarantee, the County needs to first establish a PACE District and then approve each individual PACE project. The program requires that the energy savings be greater than the loan payment, to provide cash flow to the property owner. Mr. Owens stated that Treetops spends \$750,000 annually on electric and gas bills.

Corey from Levin Energy Partners explained that the engineering firm that is used for the project must guarantee that the cost savings is sufficient to pay off the loan and provide cash flow to the property owner, or the engineering firm is liable for the shortfall. Savings is measured by Levin through an online Energy Star Program.

The program can be set up where either the property owner pays its loan payments directly to the lending institution, or the loan payment can be added to the tax rolls in the form of a special

assessment and run through the Treasurer's Office. Typically, the option of the property owner paying the lender directly is chosen. If paid directly to lender, the County is not involved in any transactions unless the property owner defaults on the loan and then the Treasurer would add a special assessment to the property. The lender would notify the Treasurer of any default.

An open market/bidding process will be used to contract with the engineering firm and the lender.

Levin would be Third Party Administrator of the program, at no cost to the County. County staff can be reimbursed for any time spent on the program.

There are currently 29 PACE Districts in Michigan.

Motion by Mr. Pallarito to recommend to the full Board establishing a PACE District for the entire County of Otsego. Seconded by Mr. Borton. Motion passed unanimously.

C. Land Use Changes

Mr. Burt presented and discussed several charts and graphs to illustrate the activity of the Land Use Department. There has been substantial growth and residual fund balance in the 249 Fund. Mr. Burt's analysis proposes an across-the-board fee decrease of 5%, along with an increase of the contractor's rate to \$50 from \$40 per inspection and \$40 from \$25 for office hours and per plan reviews. Additionally, because some inspectors plan to cut back their hours, the plan is to add two full time inspector employees (or we may need to hire one inspector and then contract with a Detroit-based inspection company, as the inspector positions have been very difficult to fill). The Committee discussed reviewing the fee revenue in a few months to determine if further reductions are warranted.

Motion by Mr. Borton to recommend to the full Board approving the 5% across-the-board decrease in Land Use fees and increase contractor hourly rates and two full time employee wages or contract with an outside company. Seconded by Mr. Glasser. Motion passed unanimously.

D. Credit Card Statements – March 2017

The Committee reviewed and discussed the statements.

E. Financial Reports – March 2017

The Committee reviewed and discussed the reports.

F. USDA Grant and Ambulance Loan

Mr. Burt reported and EMS was awarded the USDA Ambulance grant of \$50,000. The balance of the cost will be loaned to EMS from the Public Improvement Fund at 4% for a 5-year loan.

Mr. Beachnau adjourned the meeting at 10:55 a.m.