

**OFFICIAL PROCEEDINGS
OF THE
ALPENA COUNTY ROAD COMMISSION**

November 24, 2015

The Board of County Road Commissioners of the County of Alpena met in special session on the above date for the purpose of discussing the draft 2016 budget. The meeting was called to order by the Chairman, Darrel Spragg, at 12:00 p.m.

ROLL CALL

Present: Commissioners Heise, Spragg and Sterns.

Absent: None.

Staff present: Larry Orcutt, Managing Director; Julie Patterson, Finance Director; Curt Gonyea, Superintendent; Kurt Konieczny, Foreman; Glenn McConnell, Operations Administrator; Ryan Brege, Engineering Technician; Timmy Beaudoin, Chief Mechanic; Irma McDonald, Payroll/Account Clerk; and Susan Crowell, Board Secretary.

2016 DRAFT BUDGET

The first draft of the proposed budget for 2016 was presented to the Board and included a net deficit of \$1,218,864. The draft budget presented to the Board would leave a fund balance of approximately \$2.3 million for the year ending December 31, 2016.

Managing Director Larry Orcutt submitted a memorandum to the Board recommending establishing a fund balance threshold of \$2.8 million. This would allow a reserve base of approximately six months of operating funds (\$2,500,000), reserve for MDOT maintenance advance (\$180,000) and reserve for restricted forest funds which vary from \$70,000 to \$150,000. Mr. Orcutt recommended a target fund balance of \$3 million for the year ending December 31, 2016, and \$2.8 million for subsequent years. In order to meet a target balance of \$3 million for 2016, approximately \$700,000 will have to be cut from the draft budget.

The Managing Director reviewed the notes highlighting the revenues and expenditures and answered questions raised by the Board. There was a lengthy discussion regarding items to be removed from the budget. Commissioner Sterns expressed his desire to include more funding in the budget for brush and tree removal.

Finance Director Julie Patterson presented a graph indicating the cash balance throughout the year from November 2014 through October 2015. The graph showed a peak in the fund balance in May 2015 of \$3.8 million and a low of \$2.8 million in October 2015.

Managing Director Larry Orcutt asked for the Board's consensus regarding a target fund balance. Commissioner Spragg indicated he was in favor of maintaining a \$3 million fund balance, Commissioner Sterns favored a \$2.8 million fund balance, and Commissioner Heise supported a \$3 million fund balance. Mr. Orcutt noted that expenditures are projected to exceed revenue by \$500,000 in 2015 and the Board is considering adopting a budget for 2016 with revenues exceeding expenditures by \$500,000. He remarked that he feels this is the last year we can do this.

After discussion it was agreed to remove several items from the proposed budget, including capital outlay expenditures for a new tandem truck and Sweepster broom, and to reduce amounts allocated for sealcoating, gravel placement, and Durapatching. The draft budget will be amended to adjust for items agreed upon for removal and submitted to the Board for their review at a subsequent meeting.

ADJOURNMENT

There being no further business to come before the Board, the Chairman declared the meeting adjourned at 2:25 p.m.

Darrel A. Spragg, Chairman

Susan D. Crowell,
Board Secretary