

**GRAND VALLEY METROPOLITAN COUNCIL
LEGISLATIVE COMMITTEE MEETING**

June 30, 2009

8:30 a.m.

GVMC Offices
Grand Rapids, MI 49503

MINUTES

1. Call To Order

Chair Rick Root called the meeting to order at 8:40 a.m.

2. Roll Call

Present:

| | |
|----------------|---------------------------------------|
| Haris Alibasic | City of Grand Rapids |
| Jerry Alkema | Allendale Township |
| Alex Arends | Alpine Township |
| Sam Bolt | City of Wyoming |
| Jim Buck | City of Grandville |
| Bill Cousins | Cascade Township |
| Cindy Fox | Cascade Township |
| Don Hilton | Gaines Township |
| Denny Hoemke | Algoma Township |
| Bob Homan | Plainfield Township |
| Andy Johnston | Grand Rapids Area Chamber of Commerce |
| Ken Krombeen | City of Grandville |
| Elias Lumpkins | City of Grand Rapids |
| Bob May | City of Hastings |
| Jim Miedema | Jamestown Township |
| Rick Root | City of Kentwood |
| Don Stypula | Grand Valley Metro Council |
| Don Tubbs | City of Hastings |
| Keith VanBeek | Ottawa County |
| Barb VanDurin | City of Wyoming |

3. Agenda

Chairman Rick Root reported item 4 on the agenda would be moved up to item 3.

4. Approval of Minutes from May 2009

MOTION – To Approve the Minutes of the May 2009, GVMC Legislative Committee. MOVE – Fox. SUPPORT – Buck. MOTION CARRIED.

5. Unfunded Mandates

The committee and representatives from the MTA and MML discussed reports from the Legislative Commission on Statutory Mandates and the Citizens Research Council on the impact of unfunded mandates. The reports stated that by-and-large Headlee had been ignored since its adoption 30 years ago and concluded the state will have to act in a comprehensive way to address the problem in order to avoid a total collapse of local government in Michigan.

Rick Root asked if municipalities are willing and able to do what is necessary to fight the state on continued unfunded mandates. If they don't challenge every one, the mandates will continue.

David Bertrum of the MTA who joined the meeting via phone conference stated they have been talking with Dr. Eric Scorsone of MSU who is charged with collecting numbers on how much unfunded mandates cost local government. Currently there is no way to put a dollar figure on the cost. A web-based survey will be done which will ask local units of government to detail the costs of their top ten unfunded mandates, including those which affect schools and road commissions. The MTA, MML & MAC have been combing through this issue for the last 1 ½ year. The survey should go out within the next two weeks. The information will be collected from respondents late August – September.

Don Stypula asked if there have been questions on why municipalities haven't sued.

Summer Minneck responded that they have sued. However, the state is able to get away with it because a process to challenge the unfunded mandates was never put into place. There is no process with which to win by.

David Bertrum stated he agreed. They have sued, but they have been minor victories. There is not a forum in which to challenge them. There used to use the Headlee claims review board, but the Governor took that tool away. There is no longer a panel for appeals. There was a suit on the NPDES Phase II, but that was a

minor victory and very expensive.

Don Stypula asked what we can do to stay in touch and keep stirring this pot.

David Bertram responded that completing the survey would be most important. They don't want people to ignore the survey because they think the state doesn't have any more money anyway. We have to do something to make a statement and tell them to stop the unfunded mandates.

Rick Root asked who determined what was or wasn't a mandate.

Summer Minneck stated there had been discussions on what is and isn't a mandate. A lawyer working for the commission basically made the decision based on his opinion. We had to do a lot of the research on the mandates, as they weren't even familiar with them and sometimes couldn't even identify them.

David Bertram stated the committee broke the mandates down into pre Headlee and post Headlee. We argued very heavily on a number of things which they didn't see.

Rick Root said he was confused on the number of items the committee decided were not mandates.

David Bertram replied that the committee more focused on education items.

Rick Root asked where the biggest focus is. What is the biggest point we want to make?

David Bertram reported once all the numbers are collected some time in the fall, that will become more clear.

Summer Minneck said cost is going to be a big thing. Submit your numbers on anything you can. We need to make a big splash in the press. It will be more of a PR thing initially.

Keith VanBeek asked if there was buzz among legislators on this.

Summer Minneck stated it was minimal. We are frustrated it has been just used as a talking point up till now.

Alex Arends asked where this issue was in the MML's priorities.

Summer Minneck responded that it was in the middle of the list.

Rick Root stated this organization represents multiple levels of government. Across the spectrum of governments, is this the biggest issue?

Summer Minneck stated it was high on the list. These are difficult circumstances in all.

Rick Root stated that if we picked an issue which affected all GVMC members, this would be high on the list.

Bob Homan asked about Act 312.

Summer Minneck stated the committee reported it was not a mandate as municipalities are not mandated to have public safety.

Denny Hoemke asked if there was any value in compiling the more minor unfunded mandates also.

Summer Minneck stated that would be helpful if Don Stypula would send the compiled list to the committee so this could be included.

Don Stypula said he would forward the survey on to all GVMC members and remind them to participate. Also, members should forward their lists on to Don. He will compile a master list which will be sent to the committee and we can use it as talking points with legislators.

Action Items:

- ❖ Members should carefully analyze their top ten unfunded mandates and be sure to report this information on Dr. Scorsone's web-based survey.
- ❖ Members should compile a secondary master list which also includes additional unfunded mandates (those not on the top-ten list) and forward it to Don Stypula. Don Stypula will this information from all members and send it to be included in the committee report.

Dillon Healthcare Proposal

Don Stypula commended Speaker Dillion on proposing the legislation which gets everyone thinking about the subject of healthcare.

The proposal, if enacted into law, could have a wide-ranging impact on counties and local units depending on the type of employee/retiree health care coverage they are currently offering and the ability to customize the proposed state "standardized" system to meet individual needs and achieve the cost savings goals. In order to enact

such a plan it would require a comprehensive legislative resolution of the on-going issues with 1969 P.A. 312 which must be tie-barred to the legislation creating the health care plan.

Summer Minnick said first, they would like to see reforms made to the current system. The cost savings that have been reported on the proposal are exaggerated and several facts are incorrect. Also, when the size of an insurance pool increases past a certain number, there are diminishing returns, so one as large as proposed would not have the amount of savings one would expect. The types of savings reported could only be accomplished by reducing coverage such as increasing co pays and deductibles. We are curious as to how all this can be accomplished under Act 312. Can we put all of public safety on the same plan? The good part is now they are at least talking about saving money. The Speaker said it looks like they would have to go into Act 312 to accomplish everything, but taking the health issues out of 312 may make it more likely unions would win on wages during negotiations. It could also result in a monopoly and take away competition. The details have not been flushed out yet.

Bill Anderson stated some of the numbers in the proposal are smoke and mirrors. The numbers are exaggerated. A bigger plan probably would not save money. Chances are Blue Cross and Blue Shield would administer it. The current MEA healthcare plan helped create the issue as they pay a premium to have all claims checked and then retain the remainder of the premium for themselves. The way to generate savings is to increase the cost of the individual to pay either through premium, co pay or deductible. There is concern that a single plan could be mandated with no options.

However, we will go into this with a pretty positive outlook. The only organization to come out against it so far is the MEA. It creates a long-term Headlee problem. Changes in the future could eliminate savings. This has also caused political damage as the caucus is at odds with the Speaker. There is no way of knowing if this will ever go anywhere.

Rick Root asked if this is really an issue or politics as usual.

Bill Anderson reported it is mostly serious government reform, but there are some politics to it.

Haris Alibasic stated Mayor Heartwell is in support of it. It is a legitimate proposal, but how we tie it in to Proposal A, etc. is unknown. GVMC could come out stronger through this. If we partner with it, we can only benefit.

Sam Bolt asked with rates on the west side of Michigan being cheaper, would it be regionally rated, or would the west side end up subsidizing the east side?

Bill Anderson reported nothing in the plan addresses that. It is one plan for the whole state. The MEA retirees' plan handles 150,000 people living anywhere and they make it work.

Keith VanBeek said these are legitimate concerns which could end up increasing costs to the west side of the state, but it would be hard to oppose.

Don Stypula asked if the committee has a tentative position we can send to legislators.

Alex Arends said entities look at pensions and health insurance as a way to entice employees to work for them. Why would we want to join one standard plan that everyone has? To benefit the state and help them pay off unfunded mandates? It would affect everyone differently. It would be difficult to say why we should support it.

Don Stypula reported he will say that attempts at government reform are appreciated; however we would have to do an analysis on the specifics before we could support.

Rick Root said we are interested, but we have our reservations.

Keith VanBeek added, Don should say local government doesn't want to fix an MEA or east side problem on our backs, but if it benefits us, we could be warm to it.

Jerry Alkema reported there were not enough details for him to support it.

6. Adjourn – 10:30