



CITY OF BURTON
BURTON CITY COUNCIL MEETING
SEPTEMBER 5, 2019
MINUTES

Council Chambers

Regular Meeting

7:00 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by Vice President Duane Haskins at 7:00 PM.

A. INVOCATION LED BY: DENNIS O'KEEFE

B. THE PLEDGE OF ALLEGIANCE IS LED BY: DENNIS O'KEEFE

C. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Present	
Duane Haskins	Vice President	Present	
Dennis O'Keefe	Councilman	Present	
Steven Heffner	President	Excused	
Danny Wells	Councilman	Present	
Vaughn Smith	Councilman	Present	
Christina Conley	Councilwoman	Present	

D. STAFF PRESENT

Rik Hayman, Chief of Staff
Amanda Doyle, Attorney
Bette Bigsby, Acting City Clerk
Charles Abbey, Deputy DPW Director
Karen Moffitt, Controller
Alice Bryce, Treasurer
Kirk Wilkinson, Fire Chief
Amber Abbey, Planning/Zoning

E. APPROVAL OF MINUTES

NONE

F. ADMINISTRATIVE REPORTS

Mr. Hayman, Chief of Staff stated Mike Vogt has been promoted to Assistant Fire Chief. Congratulations to Assistant Chief Vogt. On your agenda tonight is the Attorney Billing, Sale of vacant city owned lots, fee adjustments as referenced in chapter 51 & 52 of the code of ordinances, a budget transfer to the Election Department for new equipment and a transfer of \$672,000 to the water fund so we can pay the bill.

G. COMMITTEE REPORTS

Mrs. Conley stated the Trick or Treat Trail is coming up next month and we are looking for sponsors. This year we are also doing a craft and vendor fair if you know anyone who would like to participate, they can contact me, Bette Bigsby or another member of the Parks & Recreation Commission.

H. AUDIENCE PARTICIPATION

Jim Craig - stated Parks & Rec has the Veteran's Honor Run on November 2nd. Runners, volunteers and sponsors are needed.

I. COUNCIL DISCUSSION

Mr. Martinbianco stated he read in a public notice in today's Burton View that we are requesting statements of qualifications for SRF planning, design, construction services and engineering. I went back and read the proposed budget for 2019-2020 and there is no discussion about this. I don't think it was put in the budget. Mr. Marshke hasn't indicated where the problems are and if there are options. As of now, the money isn't there.

Mr. Haskins stated he agrees. He doesn't think the council made any decisions to move forward on this. Where did the public notice come from?

Mr. Hayman stated this is to position ourselves to be eligible for funding from the state should we choose to pursue it. We are under no obligation.

Mr. Abbey stated there is a deadline to do this.

Mrs. Conley stated she has had complaints from constituents about semi's going down Covert Road and the foul odor on Atherton Road and Term St.

Mr. Abbey stated they have addressed the trucks going down Covert Rd and will continue to address it. I was out there twice today and we have police stationed there and patrolling. They are not all coming from the plant. We also contacted the dispatchers at the plant and they have put a notice out to the drivers regarding the proper routes to take. Regarding the smell on Atherton Rd that is Country Oaks Landscaping. They do compost. They just bought a machine that will help with this and it will be delivered in October. In the meantime, they are turning the soil properly and are mitigating the issue.

Mr. O'Keefe asked how much railroad traffic does the plant have at Genesee, Belsay and Irish Road?

Mr. Abbey said, zero.

Mr. Okeefe stated with school starting, we need to address this because even the busses are late because of the railroad.

Mr. Abbey stated he will reach out to them but the economy is good and there's a lot of stuff moving by rail. They will say, "you built your city through my railroad" not the other way around.

Mrs. Conley asked when the Police Station parking lot will be done.

Mr. Abbey stated we have been working on it all summer. The front lot where residents park, will be done shortly. We had to remove trees from the islands in the back. In the budget, you also approved a new gas tank. The problem is that it takes 10-12 weeks once you order it and we are working with the DEQ about how much excavation needs to be done underneath once we remove the tank. It's not realistic to take it out this fall because it won't happen fast enough. The back lot will likely be done in the spring.

Mr. Smith asked for an explanation of the methodology and how we came to the numbers on agenda item #5.

Mrs. Coogan from the Woodhill Group stated we took an analysis of the time employees spend doing certain functions. We took this time and multiplied it by their wage and benefits. This number is what those activities should cost.

Mr. Smith stated at times, we were losing money. Is this correct?

Mrs. Coogan stated there is a loss. We were given direction to look for equitable allocations of fees and costs. In the process of doing this, we realized the city wasn't charging specific user fees. These are very specific activities that have to be done that only benefit the people to whom the activity is occurring. This includes DEQ inspection requirements for commercial users as well as activities involving landlords. A residential user would not benefit from these activities but they are still paying for it. We estimate the fees will recover about \$100,000 - \$125,000 per year. This is about a quarter of your loss and takes the burden off of your primary residential users.

Mr. Smith asked for an explanation of the \$672,000 on agenda item #7. Is this a transfer or a loan?

Mr. Hayman stated as it appears on the agenda, it is a transfer however, if you would like to look at doing this another way, that is a possibility.

Ms. Moffitt stated this is a budget amendment transfer but there are other options. You can borrow the money from general fund or we just don't pay the bill.

Mr. Smith asked if there is enough excess in the new system to slowly pay this back?

Ms. Moffitt stated there should be over time but it depends on when the rates are instituted and the impact it has on the bills.

Mr. Smith stated half of the residents are well users and they would be subsidizing this. I don't see a problem with borrowing but there needs to be a plan to put the money back into the general fund.

Mr. Hayman stated his understanding is that the actions the council took at the last meeting has put us in a position to be able to borrow. Had you not done that, the state would not have allowed this as an option.

Mrs. Coogan stated we know we are out of compliance with the state. You do have to make your debt payments or you would be in default to the state. Because you have implemented a rate structure and if you adopt the fees, you do have the option to borrow. With this fee structure, in five years, you will break even. Putting the five year plan in place is what has allowed this other option.

Mr. Martinbianco stated we can characterize it as a loan and years from now, the council can forgive it because it was a prudent thing to do at the time.

Mr. Haskins asked if this is a Bolt violation.

Attorney Doyle stated she has had conversations with Mr. Hayman and the Mayor and this will not be a Bolt violation.

Mr. Smith asked, for the option of the transfer, do we need four or five votes? How about for the loan option?

Attorney Doyle stated in both cases you will need five votes because you will be transferring money.

Mrs. Conley asked why aren't we taking the money from the sewer fund?

Ms. Moffitt stated I don't believe you can take money from sewer and put it in water but I can check on that.

Mrs. Conley stated the \$672,000 is going to the bond payment, correct?

Ms. Moffitt said, yes. It is principle and interest for our loans to the state. There are two different payments, the debt payment and our July water bill. They are attached to your packet and equal \$672,000.

Mr. Wells stated we are over \$1 million in the red in the water department. Is this money paying off the work Stantec did in the south end?

Mr. Abbey stated \$700,000 goes to the bond payment.

Mr. Wells asked how this is helping our water fund. When will the money start flowing back?

Mr. Hayman stated sometime in November but this will be a slow process.

Mr. Wells asked it is weekly, monthly or quarterly and how much can we expect?

Mr. Abbey stated it is quarterly.

Ms. Coogan stated she doesn't have a specific calculation but keep in mind that the first year, you will still be in a loss position with water. Your controller may have to come back to you again. You are receiving more cash flow but still haven't recovered enough to pay all the bills. There are some assumptions with this five-year plan. We were aggressive with the cost assumptions and not as aggressive with the income. We did this because it is what is best for your cash flow.

Ms. Moffitt stated once the rates are put into place, it will be somewhere around \$40,000-\$50,000 additional a month.

Mr. Wells asked if there is an update on the state paying us back for Menominee and Cheyenne?

Mr. Hayman stated it remains in the Governor's budget. If they can agree before the end of September, we will have an answer.

Mr. Wells asked if we have been making payments on the loans on time.

Ms. Moffitt said, yes.

Mrs. Conley asked if it would be a Bolt violation if we used non-water users money to pay debt on a bond that they're not benefiting from?

Mr. Abbey stated a lot of your general tax dollars from the general fund is paid for by water and sewer users.

Mr. Martinbianco stated anytime you sell a bond, you're going to pledge the full faith and credit of the city. I would take the Bolt situation off the table because we have to pay it one way or another.

Mr. Okeefe asked, what is the amount of the water bill?

Ms. Moffitt stated around \$421,000 and it's due on the 10th. The bond payment is due by September 17th.

Mr. O'Keefe stated I don't like taking from the general fund but we are under time constraints. There are some other options. We have a \$1 million MERS payment we could use at a later time. This has to pass tonight.

Mr. Wells stated many resolutions were passed from 2013-2015 for adopting the final project, awarding construction contracts and for various phases of the project. This is not something you bought at Walmart and can take back. It has to be paid.

Mr. Okeefe stated we have some ownership on this. We did the right thing at the time. This is a speed bump that we have to get around.

Mr Wells stated at one time this council wasn't afraid to step up and do the right thing and show leadership. I am hoping we can do that again tonight.

Mrs. Conley stated we did our budget two months ago. Why wasn't this put in the budget instead of being brought to us now?

Mr. Hayman stated the controller has sat at council meetings for at least the last year and told you we are going to run out of money.

Mr. Martinbianco stated we have been told time and time again that we were losing \$60,000 a month but were not provided any evidence. We never got a letter from the Mayor indicating a problem with the water department.

Ms. Moffitt stated we did discuss this and it is in the five-year forecast. It even includes the unrestricted fund balance. That's why we have asked for a rate increase. I don't think you believed us and that's why we hired the Wood Hill Group. I mentioned in budget discussions that we had to pull money out of Elga because we were dipping into our savings and running out of cash.

Mr. Martinbianco asked if this transfer impairs our fund balance policy.

Ms. Moffitt said, no.

Mr. Okeefe said, we are way past finger pointing at this time. We need to fix it.

Mr. Haskins stated the budget was \$211,000. Where is the \$462,000 shortfall coming from?

Ms. Moffitt stated the \$211,000 is after you have collected the money and paid the bills. This is where you are expected to be at the end of the year. What's happening here is we are having to pay the bills upfront before collecting the revenue.

Mr. Haskins asked if we will recoup the \$462,000?

Ms. Moffitt stated we will once we increase the rates.

Mr. Hayman stated we didn't address the issue before now and it should have been done a long time ago. It was impossible to determine when the bleeding of \$60,000 would stop.

Mr. Okeefe stated a few years ago the Mayor went to the white board with a presentation and it was \$23,000. In three years it has gone to \$60,000. I don't know how we could have predicted this.

Ms. Moffitt stated there is some confusion with the revenue and expenditure statement and what we are going to over spend this year. That is not the same as the cash that's in the bank account. If you refer to page 18 of the audit report it shows as of June 30,2018 we had \$600,000 in cash. That's a lot different than what we had in our fund balance and what we budgeted. There are a lot of assets and liabilities that go into the computation. So if you are billing people for services before you pay your bills you have more cash on hand and if you're billing after the fact, there is less cash. What more closely represents what the cash should be is the unrestricted fund balance because it takes out the asset piece.

Mr. Wells stated for future reference, I have the 2014 Bendzinski report, the 2013 Stantec report and the Wood Hill report and remarkably, they all come up with about the same suggested rate increase of 28%. Now we know how important this is. When we ask for information, we need to use it. I compared our ready to serve rates with surrounding communities. We are at \$67.86 for 5/8 meter and the City of Davison is at \$82.35. Our quarterly bill is \$118.47 and the City of Grand Blanc is \$188.44. We are treating our residents right.

Mr. Haskins stated Mr. Heffner wasn't feeling well so he could not be here tonight and he did give proper notice.

J. COUNCIL ACTION

1. Approve and authorize the Attorney Billing (Doyle) 8/13/2019 to 8/27/2019 in the amount \$4,781.50.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Christina Conley, Councilwoman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

2. Approve and authorize the sale of Vacant Lot - S. Center Rd., Parcel No. 59-28-529-035, to give first and final approval for the sale of this improved parcel to Joseph Poma, 175 E. Riverside Dr., Ionia, MI 48846 for the sum of \$1,000.00 cash or its equivalent and authorizing the Mayor and the Clerk to execute any and all documents required to effectuate this sale.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Christina Conley, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

3. Approve and authorize the sale of Vacant Lot - Pine Creek Dr., Parcel No. 59-22-400-017, to give the first of two approvals for the sale of this improved parcel to Joseph Poma, 175 E. Riverside Dr., Ionia, MI 48846 for the sum of \$4,000.00 cash or its equivalent and authorizing the Mayor and the Clerk to execute any and all documents required to effectuate this sale.

Mrs. Conley asked if this is a subdivision.

Mr. Abbey said, yes.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Tom Martinbianco, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

4. Approve and authorize the sale of Vacant Lot - Pine Creek Dr., Parcel No. 59-22-400-016, to give the first of two approvals for the sale of this improved parcel to Joseph Poma, 175 E. Riverside Dr., Ionia, MI 48846 for the sum of \$4,000.00 cash or its equivalent and authorizing the Mayor and the Clerk to execute any and all documents required to effectuate this sale.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Christina Conley, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

5. Approve and Authorize utility fee adjustments as referenced in Chapter 51 of the City of Burton Code of Ordinances (Water) and Chapter 52 of the City of Burton Code of Ordinances (Sewer) in accordance with the attached addendum (Fee Updates19).

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Christina Conley, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

6. Approve and authorize the following 2019-2020 budget amendment in the General Fund: Increase 1001-1091-977.7089 New Equipment-Election by \$20,000.00; Decrease 1001-0000-390.0000 Unappropriated Surplus by \$20,000.00.

Mr. O'keefe would like the amount to be \$20,000 in each line.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Tom Martinbianco, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

7. Approve and authorize the following 2019-2020 budget amendment in the General Fund: Increase 1001-9099-999.5091 Transfer to Water Fund by \$672,000; Decrease 1001-0000-390.0000 Unappropriated Surplus by \$672,000; and within the Water Fund: Increase 5091-0000-691.1001 Transfer from General Fund by \$672,000 and Increase 5091-0000-390.0000 Unappropriated Surplus by \$672,000.

RESULT:	CARRIED [5 TO 1]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Tom Martinbianco, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith
NAYS:	Conley
EXCUSED:	Heffner

K. FIRST READING OF ORDINANCE

1. Approve and authorize the first reading of amended Ordinance 157. An ordinance to amend Chapter 157, the Zoning Ordinance, of the Code of Ordinances of the City of Burton to regulate Commercial Marijuana Establishments (recreational marijuana)

Mr. Okeefe stated we all have different feelings about this and we need to keep our feelings at the door. At the last Election, marijuana was on the ballot. I received the polling location information from the Clerk's Office and I was surprised that every one of our precincts approved marijuana. We have been elected to represent the people so, even though I have some personal opinions of this, I will be voting yes.

Mr. Smith stated this ordinance is pretty much the same as the medical marijuana ordinance with a few minor changes to address the recreational side of it. Mrs. Abbey is here tonight if you have any questions.

Mr. Wells asked how many facilities we can have in the city.

Mrs. Abbey stated the 500 ft requirement between facilities requirement will limit the number of facilities allowed in the city. You also have the distance requirements from all the other uses that will reduce the number of facilities.

Mr. Wells stated the City of Flint recently made Robert T. Longway their green space. Buildings over there are going for \$40 million. Is this something we will consider?

Mr. Smith stated we just completed our Master Plan and it would have to be revised.

Mrs. Abbey stated she has spoken to the City of Flint and they have had several problems with the way they do things. For nine years, our ordinance has been working. If you designate a green zone, you might as well say no other uses can go there. You would be limiting other uses in the city.

Mr. Wells would like to know who cleans up the property when they leave.

Mrs. Abbey stated it is not our responsibility to clean up anyone's property.

Mr. Wells stated federal law still prohibits marijauna. If City Council votes for this will we be held accountable to the federal government?

Mrs. Abbey stated we are not running the facilities. We are only allowing them to have a license.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Tom Martinbianco, Councilman
SECONDER:	Vaughn Smith, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Wells, Smith, Conley
EXCUSED:	Heffner

Agendas and minutes may be found at www.burtonmi.gov

Meeting was adjourned at 9:37 PM.
