



CITY OF BURTON
BURTON CITY COUNCIL MEETING
JULY 10, 2017
MINUTES

Council Chambers

Special Meeting

6:30 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Steven Heffner at 6:30 PM.

A. ROLL CALL

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

B. STAFF PRESENT

Paula Zelenko, Mayor
Ginger Burke-Miller, Controller

Rik Hayman, Chief of Staff
Racheal Boggs, Deputy Clerk

C. ADMINISTRATIVE REPORT

Mayor Zelenko handed to each Council member a copy of the budget report. She stated this is the same report that was given to you on June 15th and that we put in your mailbox on June 27th when we didn't have a quorum. It reflects the 2015-2016 audited activity, 2016-2017 originally amended and projected activity as well as the original proposed 2017-2018 budget at 4.707 mills and the 2017-2018 budget at 4.0 mills. During the budget workshops, City Council had recommendations for reductions of expenditures. The majority of those recommendations have been incorporated in this budget proposal. Nothing has changed on this report since June 15, 2017 at 4:42 PM just prior to the June 15th meeting. I have taken the time to go through this list of recommendations given to me by the Finance Chairman and the majority of these recommendations have already been incorporated. I would like to go through each page which should only take about 30 minutes. The things that were not incorporated into this budget is the \$57,000 reduction from the City Hall Building Improvement. This wasn't in the original proposed budget, so it is not here to cut. The same is true for the \$111,000 from the General Fund 2016-2017. The \$26,000 from the Senior Center Equipment Rental as written in the Finance Chairman's summary I have questioned that it may be a typographical error because eliminating this means we would no longer provide snow removal or lawn mowing. I took \$6,000 out of Equipment Rental but we may need to have a budget amendment depending on how severe the snow is in the winter. As confirmed by the City Controller and the City Auditor, non-governmental funds such as Motorpool, Rubbish, IT and Water/Sewer can only be used for those specific purposes therefore, the available cash for these and Act 51 roads cannot be used to fund a special road account. So, those recommendations were not included in this budget update. Any recommendations from City Council that were recommended after the June 15th meeting are not included in this update unless they were by coincidence that the administration had

already incorporated these. In order to meet the fund balance policy for the General Operating Fund, we had to make approximately \$231,000 in additional reductions. Those additional reductions have come from the following areas: Mayor, Council, Assessor, Clerk, Election, Controller, City Hall, Public Service, Park and Recreation and the Transfer to the Police Fund. I also want to point out that the Finance Chairman's list of recommendations is very helpful however, it didn't incorporate all the discussions that had happened throughout the workshops. So, there are some things that we have incorporated because we thought you wanted them through your discussions in the prior workshops. Now, focusing on the General Fund because that is where the reductions needed to happen, your floor for your budget fund balance policy, if you turn to page 6, is \$1,308,282.00. So, we needed to find approximately \$370,000 plus to cut from General Fund. The Finance Chairman's list incorporated a lot of cuts, it still needed about \$230,000 from General Fund because your recommendations were from other funds not just General Fund. So, we reduced City Council membership and dues as well as training. We reduced the Mayor's office supplies, postage, membership and dues, auto wash and training (you recommended \$2000 and I cut \$3000). In the Election Department, Council had recommended reducing the Contractual Services. We also reduced New Equipment by \$500 in the Clerk's Department. In the Assessors Department, we reduced Auto Repair, Training and Gas and Oil. In the Controller's Department, we reduced Contractual Services, Membership and Dues, Training and Office Equipment. In the Treasurer's Department we reduced Contractual Services and Tax Roll Expense as Council requested. In the City Hall Budget, we took Council's recommendations and took \$10,000 out of Building and Maintenance Surplus. We further reduced ADA Maintenance and Supplies, Maintenance of Grounds, Equipment Rental and New Equipment. In Public Service, we reduced Public Relations and Disaster Aid. In Parks and Recreation, we reduced Postage, Operating Expenses, Miscellaneous, Memorial Day Parade (as council recommended) and Training and Membership. Council recommended we reduce Park and Recreation Events so we did that. We eliminated the concerts, we made a reduction to the Trick or Treat Trail (as council recommended), Pizza with Santa was reduced by \$1,500, Veteran's Run was reduced by \$2,000, The Memorial Day Race by \$1,000, Movies expenditures by \$4,500 and Patriot Day Hero Race by \$2,000. We eliminated the Burton Soccer League Start-up and we eliminated the \$58,000 for Park Projects per council recommendation. The contract for the Seawall project at Kelly Lake was rejected by City Council, we accept that. We reduced Transfer to the Police Department by \$172,000 which reflects Salaries Permanent and Fringes taking us from 40 to 38 Police Officers that we have currently. Council recommended a Police Vehicle be eliminated at \$36,000, we did that. Council suggested reducing the Transfer to Building Fund from \$78,900 to \$50,100, we did that. So, in the General Fund, the total we have eliminated is \$374,400. We are about \$3,000 short but I figured the Fund Balance can handle \$3,000 since we are adding to the Fund Balance anyway. Are there any questions on General Fund?

Mayor Zelenko stated I would like to move on to the other funds and explain where we took Council recommendations. Major Streets which wasn't reflected in the Finance Chairman's summary but was reflected during workshop discussions. Council suggested eliminating \$59,900 of expenditures from Major Streets including Gravel, Contractual Services and Equipment Rental under Surface Maintenance. If you look at page 9, the Fund Balance took a major hit to Major Streets. This Fund Balance will probably be eliminated next year without contributions from General Fund. Local Streets on page 10 looking at revenues under line item 2003-0000-676.0000 Transfer from Major Streets that goes to Local Streets, we didn't change that. It's still \$583,000 but know that next year Major Streets is going to need a transfer. There was only one Council recommended change in Local Streets and that is Gravel under Surface Maintenance, we reduced from \$20,000 to \$10,000. Local Streets Fund Balance is just shy of \$800,000. It will take a lot of the fund balance to operate next year.

Mr. Martinbianco asked how much we are spending in the current fiscal year on Maple Road and when we anticipate completion.

Mayor Zelenko stated she does not have this information in front of her tonight but she will be happy to get back with the council. Maple Road was in the 2016-2017 budget not in the budget we are discussing tonight.

Mr. Martinbianco stated he would like a heads-up on where the Maple Road project will take us next year.

Mr. Hayman stated he talked with Mr. Slattery and his recollection was that Maple Road cost us about \$150,000 but we will confirm those numbers.

Mayor Zelenko stated there were no changes in the Fire Department. Neither Council nor the administration recommended any reductions. The Police Fund on page 15 Contribution to General Fund 2007-0000-691.1001 was reduced by \$171,800. This is reflected in the appropriations under Salaries Permanent and Fringe Benefits.

Mr. Martinbianco asked where this reduction came from.

Mayor Zelenko stated the bulk of this reflects us staying at 38 officers. We are not hiring for the 2 positions for which we have received resignations. Moving on to page 17, Rubbish Collection and Disposal, Council suggested the \$5,000 not go to the Fire/Police Sculpture but instead we put it toward the Veteran's Memorial so we made those changes. The Building Fund, Council suggested the Contribution from General Fund be decreased by about \$50,000, we did that. Council also suggested that it come from the Fringe Benefits line item, reducing that by \$46,600 and Contractual Services, reducing that by \$2,500. There are no changes to the Drug Law Enforcement Fund or the Police K9 Fund. The Senior Citizen Fund is the one that I thought was likely a typographical error. Under appropriations line item 2069-2069-943.0000 Equipment Rental, we originally proposed \$26,000. The Finance Chairman's summary suggested eliminating the entire amount however, that's not what was discussed during the workshops. We did reduce it by \$6,000 taking it down to \$20,000. The Burton Youth League on page 22, there were no changes. On page 23, the Police/Fire Sculpture Fund, you will see we took Council's recommendation to move the \$5,000 to Veteran's Memorial Park Fund. On page 24, this reflects Council's recommendation to put that \$5,000 into the Veteran's Memorial Park Fund instead of the Police/Fire Sculpture. I also have a note to get estimates on reducing the brick pavers and doing a fundraiser per workshop discussions. No changes on the Cancer Survivor Park or Amy Street Paving. Capital Improvement on page 27, the DDA approved their budget after we proposed our budget, but they are being consistent with the \$3,000 for revenue to the Capital Improvement this year because they want to do some corridor improvements. Looking at appropriations under Capital Improvement, we accepted the Council's recommendation of eliminating the \$4,000 from ADA Building Improvements/Maintenance, the Library Parking Lot of \$30,000 and reducing Technology Upgrades by \$10,000. Amy Street Paving Capital Improvement Project, page 28 there are no changes. Also, there are no changes to the Fire Capital Projects Fund. On page 30, Sewer Fund, we incorporated the Council's recommendations: Contractual Service line item 5090-5090-818.0000, we added \$20,000. Mr. Marshke explained the need for this during the budget workshops. Repair and Maintenance you recommended reducing that by \$100,000, Mr. Marshke agreed with that so we incorporated that. So, there are approximately \$80,000 of reductions in the Sewer Department. In the Water Department, it was a mutual agreement to add \$100,000 to Contractual Services 5090-5090-818.0000. This was the Asset Management state mandate. On page 33, Council had asked about the Hydrant Couplings and you were correct, we need to add the \$10,000 back in there so you will see that reflected here. In this budget, in the Water Department, there is an increase of \$110,000. There has been no change to the

Information Technology Fund. Council wanted to take \$100,000 from there however, the auditor said we could not do that. In Motorpool, we took Council's recommendations under revenues: Material Sales-Gravel, we reduced by \$20,000; Major Street Equipment Rental, we reduced by \$50,000; Senior Citizen Equipment Rental, we reduced by \$6,000. Under Motorpool Expenses, Council suggested reducing the Gravel by \$20,000, Gas and Oil was reduced by \$40,000 which brings the total reductions to Motorpool to approximately \$60,000. In summary, there have been reductions from General Fund of approximately \$374,000, Major Streets: \$59,900, Local Streets: \$10,000, Police: \$207,800, Building Department: \$50,100, Senior Citizen Center: \$6,000, Police/Fire Sculpture Park: \$5,000 (added the \$5,000 to Veteran's Memorial Park), Capital Improvements: \$44,000, Sewer: \$80,000, Motorpool: \$60,000. The Water Department budget was increased by \$110,000. The total is \$897,200 in reductions and \$110,000 in additions for a grand total in reductions for this fiscal year budget of \$782,200.

D. AUDIENCE PARTICIPATION

None.

E. COUNCIL ACTION

1. Discussion on Pending Litigation and Discussion and Possible Action on Fiscal Year 2017-2018 Budget.

Mr. Haskins asked, where is the copy of the budget that City Council approved at our June 19th meeting?

Mayor Zelenko stated she does not have a copy because there was no approved budget.

Mr. Haskins stated the budget was approved by a vote of 5-2 on June 19th and that is the budget we are operating from. Instead, we keep getting a copy of this proposed budget that we have already been through several times.

Mayor Zelenko stated this is the first time.

Mr. Haskins stated this Council approved a 4.0 millage rate and you proposed a budget at 4.707. Then, in the 11th hour, you wanted to propose another budget at 4.0 mills. The budget we approved should be the acting budget and we still don't have a copy of it.

Mayor Zelenko stated I proposed a budget at 4.707 because at no time did this Council indicate from June 20, 2016 and April 3rd when I proposed this budget, that you had the intention of staying at 4.0 mills. I am trying to work through this to be clear on what you want so we can incorporate all of your recommendations.

Mr. Haskins stated we spent many hours on this and made that clear during the budget workshops.

Mayor Zelenko said, no, you did not.

Mr. Haskins stated if your staff didn't do their due diligence to take the proper notes on our recommendations, that's not on us.

Mayor Zelenko stated I don't believe you have the authority to do that unilaterally on your own.

Mr. Haskins stated it has been done this way in the city forever.

Mayor Zelenko stated she disagrees. This has always been a collaborative process.

Mrs. Conley stated after she worked on the Parks & Recreation budget reductions, the Mayor took it upon herself to cut even more and go to Parks and Recreation and blame us on the City Council. You can't take money out of races because they are self-funded. You're going to hurt the races.

Mayor Zelenko stated yes, we can and I am not going to hurt the races.

Mr. Smith stated you are taking money that is not public money. It was money that was paid by race participants and sponsors. You are going to kill this race. The volunteers are going to look at that and say this isn't what I signed up for. You have no right to take \$3,000 out of these races, it is not public money. You gave your word years ago that this would be a pass through account and you are going back on your word.

Mayor Zelenko stated in order to cut expenditures, everyone had to take a cut. We can always amend it down the road if more revenue comes in. This money is incorporated in a public budget and it is revenue. I remember the conversation years ago about the pass through account but at that time, we also planned on keeping the general operating mileage at 4.707 for the future of our city. This money was supposed to help us build our city and build up our road fund balances so we could get these projects done. So, you went back on your word as well. Now, we have to tighten our purse strings.

Council continued discussion on whether the race money is private or public.

Mr. Smith asked, how many employees does this budget contain? You should have that number pretty easily right from the top of your head.

Mayor Zelenko stated she believes we have 93 now and 97 budgeted.

Mr. Smith stated you had 103 as of 12/19/16 according to this report from your office. (Mr. Smith did not provide a copy of this report to the Clerk's Office or the administration). I would like to know which positions you cut from the budget. I want the specific positions put in writing.

Council continued discussion on the amount of employees in each department in the city.

Mr. Smith stated he has all the W2's from 2014, 2015 and 2016. I put these into a 3 year trend based on box 3 on the W2's. My concern is that in 2014 our payroll was \$5,267,745. In 2015, it was \$5,550,190 and in 2016, it was \$5,842,279. It grew by almost \$600,000 in 3 years. What happened? I look at a budget from a strategic perspective. You have hired too many people. According to the June 30, 2016 Comprehensive Financial Report, in 2013 we had 79 people, in 2014 we had 87, in

2015 we had 95, in 2016 we had 101. We know 80% of our expenses is labor so, we have a problem, the Mayor over-hired. We cannot sustain this payroll increase. When I hear the Mayor talk about all this other little stuff, she is missing the big picture. The reason I voted to withhold the .707(mills) money from you Mayor is because you have a spending problem.

Mayor Zelenko stated we do not have a spending problem and I am not your spouse.

Mr. Smith stated you are taking this wrong. You are in a position to supposedly be a financial strategist for the city and somehow that has been lost. The Council has to make up this shortfall on your part.

Mr. Heffner called a recess at 7:30 PM.

Mr. Heffner called the meeting back to order at 7:41 PM.

2. Motion to go into Executive Session under Section 8(e) of the Open Meetings Act for the Purpose of Discussion on Pending Litigation and Discussion and Possible Action on Fiscal Year 2017-2018 Budget.

Council went into executive session at 7:45 PM.

Council returned from executive session at 8:01 PM.

Mr. Heffner stated no decisions were made during the executive session. We spoke about the pending litigation.

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

3. Motion to Reaffirm the Fiscal Year 2017-2018 Budget that was passed by City Council on June 19, 2017.

Mr. Haskins stated he disagrees with the allocations of funds made in the Mayor's proposed budget specifically including the creation of the funding of additional positions. The budget of the 2017-2018 fiscal year that we approved on June 19, 2017 consisting of about 6,000 line items and 37 pages leads the city in the proper direction with money we are putting aside for road projects. After reviewing this new budget proposal, I would like to reaffirm the budget that Council previously passed.

Mr. Martinbianco would like to discuss the memo from the Mayor dated July 10, 2017. When we voted to lower the General Operating Levy to 4.0 mills, it was to give back to the taxpayers. In the Mayor's memo she describes this as a shortfall. I feel this wasn't a shortfall but a reduction to give the taxpayers what is rightfully theirs and an incentive to continue to invest in our community.

Mr. Hatfield stated he voted no on the budget on June 19, 2017 because there were items he did not agree with including the millage rate issue and the line item budget. I still disagree with these issues however, this Council passed the budget with a vote

of 5-2 and I believe we did it properly so, I will be in support of Mr. Haskins' motion.

Mr. Martinbianco asked Mr. Hatfield if he thinks what we are doing is a policy decision. Does the Council have the authority to make these decisions or do you think the court should decide?

Mr. Hatfield stated he doesn't believe it's a policy issue. We are following our City Charter and the law and as a legislative body, I believe it is our responsibility to approve an appropriations act. I believe that is what we did by our procedure. I am not a fan of the particular procedure that we use. I would do it differently if it were up to me. I do understand this is how it has been done historically and I don't have to like it. Based on my experience with budgeting, I believe we acted appropriately.

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

Meeting was adjourned at 8:08 PM.



SCHEDULED

AGENDA ITEM (ID # 3127)

DOC ID: 3127

Discussion on Pending Litigation and Discussion and Possible Action on Fiscal Year 2017-2018 Budget.

COMMENTS - Current Meeting:

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E.1

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ATTACHMENTS:

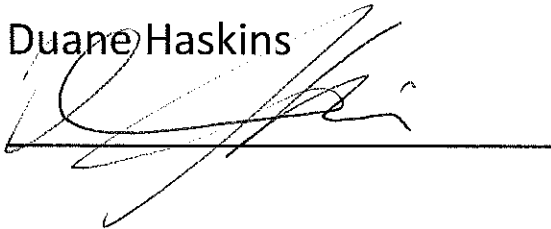
- Request for Special Meeting 7-10-17 (PDF)

7/7/17

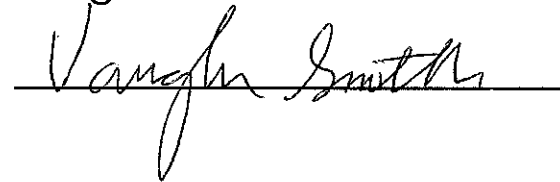
Council Vice President Duane Haskins and Councilman Vaughn Smith would like to call a Special Meeting on Monday July 10, 2017 at 6:30 PM for the purpose of:

Discussion on pending litigation and discussion and possible action on fiscal year budget 2017-2018

Duane Haskins



Vaughn Smith



RECEIVED
CITY OF BURTON
2017 JUL -7 PM 3:26
CLERK'S OFFICE