



CITY OF BURTON
BURTON CITY COUNCIL MEETING
MAY 28, 2014
MINUTES

Council Chambers

Budget Workshop

6:15 PM

4303 S. CENTER ROAD
BURTON, MI 48519

A. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	President	Present	
Duane Haskins	Vice-President	Absent	
Dennis O'Keefe	Councilman	Present	
Steve Heffner	Councilman	Present	
Ellen Ellenburg	Councilwoman	Present	
Danny Wells	Councilman	Late	6:46 PM
Vaughn Smith	Councilman	Present	

B. STAFF PRESENT

Mayor Paula Zelenko
 Ginger Burke-Miller, Controller
 Mark Udell, I.T. Department
 Jean Johnson, Director Senior Center
 Teresa Karsney, City Clerk

Chief Tom Osterholzer
 Rik Hayman, Executive Assistant
 Bette Bigsby, Benefits
 Sue Warren, Human Resources
 Doug Bingaman, Treasurer

C. AUDIENCE PARTICIPATION**D. PRESENTATION & DISCUSSION*****A. Proposed 2014-2015 Fiscal Year Budget***

Mr. Smith referred to an article in the Detroit Free Press reporting the State Legislators have been called to step up and address issues. There is a department in the State Legislature geared towards municipalities beyond the Emergency Manager. He requested the City get in contact with that department to try and receive funding for the City. The goal is to balance the budget shortfall of \$228,100. We will be hearing Mr. O'Keefe's suggestions to leverage money.

Mayor Zelenko said we have made contact with them already.

Mr. O'Keefe said Detroit is going to give \$200,000,000 for their pension bailout. What is the difference between people in Burton compared to Detroit? We have to file bankruptcy in order to get help from the State? It seems like nobody at the State level even wants to look at this but they will throw money at it. He feels Plante & Moran need to research and get feedback. He feels uncomfortable with the information he receives from them.

Mr. Smith said we have \$500,000 in the budget for an additional payment to MERS. But

until we know what we are getting into maybe we would be throwing good money after bad. He expressed to Pam Hill of Plante & Moran what we are looking for. We are looking for how best to leverage this money for the next 20 years. We will be looking at millions of dollars if this is not done right. He is also in favor of a 5-year forecast.

Mr. Heffner agreed with Mr. O'Keefe that it would be nice if we could get a little money like Detroit is getting. He feels the thinking on that must be if you save Detroit then Michigan as a whole will lean the way Detroit goes, therefore if you save Detroit, you save Michigan. He said like it or not we are going to have to put money towards MERS. He feels that we should put the \$500,000 per year in the money we use for the roads, when we get paid back for the roads, we take every penny of that and invest into MERS.

Mr. Smith said we can make a more informed decision after June when we have met with Plante & Moran.

Mr. O'Keefe said you must have a 5-year Financial Plan.

Mr. Heffner said we need to hire a specialist.

Mrs. Burke-Miller said in 2006 when MERS reported that we were on track. They were correct but in 2008 that's when the bottom dropped out and we had the problem. So MERS decided to take those losses and spread them out. They also shortened the amortization schedule. She has talked with the State and they are looking at our unfunded liability. They say this is very significant and their concern is the 7.8% funding on the OPEB. Keep in mind that MERS and your pension cost is what legally we have to keep up on. In her opinion, in order to make some changes with MERS, it makes more sense to start paying down the MERS first.

Mr. Bingaman said back in 2007-2008 the City of Flint was about 90% funded at that time. Then 2008 rolled around and it dropped to 60% funded. The only way to fix this is to fund it. He suggested putting a large chunk of money in the budget. Set it aside so if you decide to fund it next year, the money is there.

Mrs. Burke-Miller said it takes us to be 50% funded to get us to a Defined Contribution Plan for new employees. To get out entirely we need 120% funded level. We basically have to throw money at it.

Mr. O'Keefe thinks Attorney Austin should review this and see why MERS doesn't have a responsibility in this. The number of employees went from 104 down to 80 and then you don't get that contribution. He always thought the IRS had to approve new retirement plans.

Mr. Martinbianco assumed with the EVIP this falls under the dashboard components we were required to do by the State.

Mrs. Burke-Miller said this is the 3rd part of EVIP. The State wants to know our plan for our OPEB and unfunded liability in order for us to get the 3rd part of EVIP money. The governor said as long as Michigan municipalities say that they are going to pay their annual required contributions to both OPEB and their pensions he will be happy to take that EVIP portion away.

Mr. Heffner asked what roll the Controller had at the time for recommending MERS and how did they get to allow his daughter to get to continue to draw on his pension plan and how long does she get to draw it.

Mayor Zelenko said that is a beneficiary option under MERS. She gets to draw it the rest of her life from what she understands.

Mrs. Burke-Miller said MERS has become aware of these types of situations. They have tried to tighten things up and they have changed that aspect.

Mayor Zelenko suggested at the next Council Meeting, make a motion to give a directive to the City Attorney to investigate this.

Mr. O'Keefe said he agrees with the Master Plan and Blight Elimination Program but they are a little premature. He would like to see a 5-year Plan in place first. The generator for the City, we have 30,000 residents and this building needs to run seconds after the power goes out. The State is going up to 56 troopers and many are earmarked for Flint. How much time could the State keep 56 troopers in the City of Flint? It doesn't make sense to him.

Mrs. Ellenburg said we need to put something aside for the blight. The Master Plan would help our City grow. Maybe put \$50,000 in each of these line items.

Mayor Zelenko said Fleis & Vandenbrink told City a Master plan runs \$75,000 on up. Probably \$100,000 is a good estimate for getting a Master Plan done. She said the biggest complaints they get are roads, flooding and vacant house and neighbors not cleaning up their yards. We need to document the wages we spend for our guys to do Blight clean up. Most of the cleanup is done on overtime over the weekends.

Mr. Heffner doesn't believe the residents voted for the millage to be used for this. It was sold to the residents for police protection. This seems like a shopping spree. These ideas are good but we don't have the money to do it.

Mrs. Ellenburg said the millage was to get us to the police level we needed and to free up some of the money in our General Fund that went to fund the Police Department.

Mr. Martinbianco asked if there might be ramifications from the Sewer Fund.

Mrs. Burke-Miller didn't see any issues with borrowing the money from the Sewer Fund. She has conversed with Bobby Bendzinski whether or not that would put us in jeopardy for the SRF loan and he did not feel that it would.

Mr. Bingaman said our average interest rate is just under 1% on investments.

Mr. O'Keefe asked Mrs. Burke-Miller when she talked to Mr. Bendzinski what would our probability of having a road bond fly.

Mrs. Burke-Miller said it wouldn't hurt for him to come before the Finance Meeting to talk about plans.

Mr. Smith said it sounds like we are going to take the money that has been in our budget for Center Rd., to take it out of the General Fund, put it back in.

Mrs. Burke-Miller said we will have to budget for it to come out of sewer directly as an expense and set up the corresponding liability.

Mr. Heffner thinks the generator is a good idea and investment.

Mr. Martinbianco asked what protection equipment we have on our computers and phones.

Mr. Udell replied there is ups and surge protection on the phones and computers.

Mrs. Burke-Miller said the total cost would be \$215,000, which would run everything.

Mr. Wells asked about an appraisal for the Senior Center.

Mayor Zelenko said we have not done that yet, but we can.

Mr. Smith said the consensus of the Council is that we make the Police, City Hall and the DPW self-sufficient off the grid if needed.

Mr. Wells said there is extreme voter apathy out there right now. People are not happy and it will take a lot of evidence to start bringing them back.

Mr. Hayman explained how blight court works and its benefits. It would create some changes in our ordinances to move forward.

Mayor Zelenko said the purpose of the millage was to make the Police Station self-sufficient with their millage and allow us to draw back money that has been going to their department for several years. General operating dollars are just that, to do with what you need to for the City.

Mrs. Ellenburg would like to put \$50,000 towards blight and \$50,000 towards a Master Plan.

Mr. O'Keefe suggested putting \$20,000 towards blight and \$20,000 towards the Master Plan.

Mr. Martinbianco would be fine with \$20,000 for blight and the Master Plan.

Mr. Wells said the best Master Plan we can have is making sound financial decisions right here.

Mrs. Ellenburg asked if blight can be controlled by our D.M. Burr employees.

Mayor Zelenko said we are looking into that but there are contractual issues with AFSCME.

The Council agreed upon \$40,000 going towards blight elimination.

Mr. Smith said the Council has \$500,000 of unfunded liability.

Mayor Zelenko said any payment we make to the unfunded liability there needs to be a written agreement with MERS, to make sure that the money is going to the unfunded liability.

Mr. Martinbianco would like to leave the \$500,000 that is currently in there. He said we were approached by residents living close to the Gipson Drain.

Mayor Zelenko spoke with Jeff Wright and evidently when the Rizzo Industrial Park was put in it was proposed to be a platted industrial park and that required the Drain Commissioner to approve it. But the City felt since the law changed we could do this as a Site Condo Plat that didn't need the Commissioners approval so we moved forward. The pipe under those retention ponds is either undersized and/or at the wrong elevation so it needs to be dug up. We will know Tuesday how much this will end up costing us.

Mr. Martinbianco suggested taking the \$7,000 out of Disaster Aid and \$3,000 out of Decorations and dedicating \$10,000 towards the industrial park.

Mrs. Ellenburg asked if there was any way the decorations could be taken out of DDA?

Mayor Zelenko said the decorations are not just in the DDA district, but they will kick in on their portion.

Mr. Smith said there is a bunch of little stuff that needs to be looked at still, so he suggested they set up another meeting.

Mr. Martinbianco said it won't be approved until the 16th.

Mr. Wells said he believes they need another meeting.

Mr. Smith asked if they wanted to set it up a week from tonight.

Mayor Zelenko said she won't be there.

Mrs. Burke-Miller said she won't be there either.

Mr. Smith suggested doing it before the Council meeting.

Mrs. Ellenburg suggested doing it on May 10th.

Mr. Smith said he is not ready to ask some of the questions. He suggested the 9th.

Mayor Zelenko said the 2nd and 4th Monday's she has other obligations.

Mrs. Ellenburg asked if they could get it done Monday the 2nd.

Mrs. Burke-Miller said she could make it that day.

Mayor Zelenko said you could do it after the Council meeting.

Mr. Martinbianco said we are going to have to figure out how the contract that we agreed to will affect the changes in Police Fund expenses.

Mayor said \$76,000 is what we needed to add to fringe benefits and we were taking it from Police vehicles and making it \$60,000 and putting the difference of \$136,000 into fringe benefits so that \$1,900,000 is now \$2,260,000.

Mr. Martinbianco asked how many officers that included.

Mayor Zelenko replied 38.

Mr. Martinbianco said we are good with where we are at with 38 officers. It concerns him talking about going upside down \$600,000 this year taking that fund balance from \$776,000 to \$176,000 for next year. Next year you will go upside down. He is comfortable where we are at. The Chief has done a remarkable job. This is a pretty good place to work.

Mrs. Ellenburg said we are good with 38 officers and could maybe go to 40 officers next year. The residents see we are moving forward.

Mr. Wells asked what is the national average?

Chief Osterholzer replied 2.1 Officer per 1,000 residents which would put us at 72 officers.

Mr. Martinbianco asked who did that study.

Mr. Hayman said it was an F.B.I. study.

Mayor Zelenko said we should be able to get to 42 in the next few year.

Mr. O'Keefe said in November the people spoke for a Police millage. The public really thought they would see significant happenings in the Police Department. We wouldn't have a dime if the millage didn't pass.

What are the logistical challenges to get us to 42.

Chief said the millage did promised 36 but it was also discussed what would be done with the General Fund dollars. We also needed to work on other things which we are doing. If we get more Officers will I find a way to make it work? Absolutely.

Mr. Smith asked as a resident, what will I see different at 42 than at 38.

Chief Osterholzer said we would be able to address specific neighborhood issues as they arrive, Kings Lane issues, and curfew issues. Our response time will be better.

Mr. Smith said he hears about Kings Lane and the blight all the time. He is in support of 42 officers.

Mr. Wells said we are investing in public safety. If Bentley doesn't get that millage they are going to be in a bad spot. Let's put some thought into this.

Mrs. Burke-Miller said next year we are probably going to go down in our taxable value. This is why you need your financial plan.

Mr. Martinbianco said he thought the plan was to get a financial plan together to do some forecasting.

Mr. Wells said we need to get up to the 42 number.

Mrs. Burke-Miller said we can't lose sight of what we need and what we can afford.

Mrs. Ellenburg said we did what we said we would do with the millage. There are other problems throughout the City that needs to be addressed. The Police are getting their millage and now dipping into General Fund that was supposed to be for all the things that have been left behind.

Mr. Smith said the next Budget Workshop Meeting will be on June 2, immediately following the Council Meeting.