



CITY OF BURTON

BUDGET MEETING

MAY 10, 2021

MINUTES

Council Chambers

Budget Workshop

6:00 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by Councilman Steven Heffner at 6:00 PM.

A. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Present	
Steven Heffner	Councilman	Present	
Danny Wells	Councilman	Late	6:38 PM
Vaughn Smith	Councilman	Present	
Gregory Fenner	Vice President	Present	
Christina Conley	Councilwoman	Present	

B. STAFF PRESENT

Duane Haskins, Mayor
Racheal Boggs, City Clerk
Charles Abbey, DPW Director/HR
Jodi Holbrook, Controller

C. AUDIENCE PARTICIPATION

None.

D. BUDGET DISCUSSION

- Administrative Overview of Proposed Budget

Mayor Haskins stated I am very proud of what this administration has accomplished in reducing spending by being more efficient and reapplying funds to OPEB and the pension. The biggest improvement, building fund balances. I announced at the last council meeting that we no longer have to file a corrective action plan with the state for our OPEB and pension costs, which is huge, and a result of City Council and the administration working together to get it done. The budgets are ran and put together very tight as you can see. The credit for that goes to not only the administration, the council and myself but also, and more importantly, to the employees. They all understood my vision of bettering the city and they have worked very hard to achieve these goals. One of the goals of the council and administration is obtaining another Code Enforcement Officer. We all know and realize the importance of a strong code enforcement. We know the national crisis with difficulties in hiring qualified personnel. We will continue to work hard to achieve this goal. Even during a pandemic, our city has accomplished more in a year and a half than other communities have in our area. We have done this without having to raise taxes, water or sewer rates. In fact, we actually lowered water rates. I look forward to continuing to work with council to achieve these goals for our city. When it comes to MERS, the Watkins Ross Actuarial should be completed by September. The pension from MERS is still tracking in the same direction.

Healthcare is expected to increase by at least 5% this year and that came from the Blue Cross Blue Shield notification. As far as state funded revenue sharing, we are now looking at any cuts with the potential of a 1% increase. This depends on how the budget hearings go with the Governor and legislators. The Controller is here to answer any further questions. She came in on the tail end of our administrative budget meetings. She worked very hard and did a great job.

- 5 year forecasts

Mr. Smith stated I see you have been putting \$250,000 from the General Fund into the Police Fund. Next year, you are taking it up by about \$400,000. It goes from \$252,000 to \$652,000. I recognize that our Police Fund is still an eroding balance. I do see you projecting the Police Fund to grow by an average of \$100-\$200 thousand a year. My question is do we need the \$400,000 as opposed to \$200,000? I am looking for the logic in this transfer.

Mayor Haskins stated if you look at the previous 5-year forecast that projection of \$400,000 coming out of the General Fund has been in there in the past. We have not had to go to that level due to staffing shortages. Therefore, we were able to maintain the \$250,000 to keep it at that level. I will defer to the Controller for further explanation of the differential.

Ms. Holbrook stated it is really just a continuation of the previous forecast. It was forecasted to change this year. We did not forecast it this year or next year. To continue with the prior forecast, I forecasted it out from there. As you can see with different changes throughout the years, we have been able to maintain the Police Department with the \$252,000 transfer. Knowing that there could be a potential future need of it, to project it out a little bit is still a possibility and something we should be looking at. There was a change slightly with the salaries. There was a projected one for next year but it did not include this year so that slightly changed from the budget to the 5-year forecast.

Mr. Smith stated the differential is because we have not been able to hire police at the level that we budgeted for.

Mayor Haskins stated as everyone knows, many of our veteran Police Officers have left and we have a rather young police force that are still going through their step increases. This plays a role in the 5-year forecast because as the salary of our 15 newer officers who have not hit top-out pay keep increasing, we will need the money to fund it.

Mr. Smith stated we are still showing a slight deficit each year in the Police Fund so this will also help with the eroding of the Police Fund balance, correct?

Ms. Holbrook stated that is correct.

Discussion ensued on the need for a 5-year forecast as opposed to a 2-year or 3-year forecast. City Council agreed that a 3-year forecast is more realistic and efficient and made the decision to use a 3-year forecast going forward instead of the 5-year forecast.

Mr. Smith stated we continue to have the \$1 million additional payment to MERS. Our General Fund is up to approximately \$4.3 million. Historically, our General Fund has been \$1.8 - \$2.2 million going all the way back. With the Mayor at \$4.3 million, we are roughly \$1.5 - \$1.8 million higher than what we have historically been. The next question becomes, how do we allocate this money? Do we look at legacy, infrastructure, or doing stuff around the city? I would like everyone's feedback.

Mr. Martinbianco would like to start by rolling back the 4.0 mills to 3.75 mills. We should give it back to the taxpayers for what they have paid for in the past. Because of the rate of increase in value and escalating prices, it needs to go back to the taxpayers.

Mr. Smith stated we all know the situation with our local streets and blight. Do the residents want the money back or do they want their streets fixed? I don't have that answer but that is my question to the council.

Mr. Heffner stated if you look through the budget, there are funds for ditching and maintenance but there are no funds for replacing local streets.

Mr. Martinbianco asked how we decide which roads to do.

Mr. Heffner stated you do the worst roads first.

Mr. Martinbianco stated we are talking about the taxpayers who were special assessed. Are those the worst roads? We have to have a pacer study on the local roads before we can do anything. I don't disagree, our local streets need some help. I am not going to be the one to prioritize it. The ones I would prioritize are the ones that spent their money getting special assessed.

Mr. Abbey stated we do get pacer ratings on the local streets. We have paved streets many different ways over the years. There are some folks who paid a 15-20 year bond special assessment on some streets. Others were paved with federal dollars and they paid zero. Some were paved when developments went in with no assessment to the residents. What is a fair method? I don't know. I think you have to use a hybrid approach taking into account the needs of the community and the need to stabilize areas. For instance, we are doing some preventative maintenance in the south end this year from Maple to Schumacher. A lot of it is chip seal because they are still salvageable. McLaren is too far-gone and needs a mill and resurface. Since we are doing every street but that one, maybe we could take some of that money and resurface it with a 1 ½ inch overlay. Other areas in the commercial district like Jimbo Drive are horrible. The road is completely gone and it is back to a dirt base. We were fortunate to have Ach Asphalt work with us and do one side. We get more complaints here than anywhere else. I would like to show you our plan and then prioritize. We have an opportunity here and we would be foolish not to take advantage of it. We have a few extra bucks for a change that we have not had in many years. We can make some meaningful changes for residents in their community. I am not against a rollback of the mills but that \$20 on the quarter of a percent from doing the rollback will not make a difference. What does make a difference is giving the residents good roads, services and infrastructure. We will be set for the next 20-30 years if you do this right. I want you to keep an open mind to it.

Mayor Haskins stated we have many needs in our city. We have seen it for years but have never had the funding. Our memorial needs work. Buildings like the Police Department and City Hall have not been touched in 30 years. One of the biggest things I would like to see happen is to get all of our dirt roads paved. We have a \$300,000 road grater that is over 20 years old. It will eventually need to be replaced. Is it wiser to replace it or to see what it will cost to pave the roads? The guidelines came from the Department of Treasury for the ARP money. They haven't changed, they just added bigger restrictions. It looks like us being a non-entitlement community has restricted it way more than if we were an entitlement community. We will keep you informed.

Mrs. Conley stated I would like to give back to the residents in any way we can. I would like to use the money to do roads, ditches, Veterans Park and other parks. I understand

the buildings need work but before we can do that, we have to give back to our residents. Another thing we need to focus on is blight and someone who can write grants for our city. We do not have to hire a grant writer; we can contract it for a percentage. This is free money and we have never done it.

Mr. Heffner asked what the General Fund is sitting at right now.

Mr. Smith stated we are at about \$3.6 million right now and it is projected to be at \$4.3 million by the end of the budget year.

Mr. Heffner stated if we can take some of this General Fund money and put it to use for the residents then I probably wouldn't support rolling back the General Operating Millage. If we don't then I would support it. I would take at least \$2.5 million and put it toward local streets. I would like to offer a 50/50 program for neighborhoods. If they can get petitions signed for 51% of the residents willing to pay 50% of what the street would cost, the city can pick up the other 50%. This way, we can stretch the \$2.5 million. This would give the residents the choice to participate or not. We can look at special assessments after that. Special assessments can be tricky. It requires a 7-0 vote of the council.

Mr. Abbey stated we have around 10 miles of dirt roads left. The 50/50 program would be a great idea for these areas.

Discussion on the feasibility of a 50/50 program.

Mr. Heffner stated I would also like to put another \$100-\$150 thousand toward body cameras for the Police Department. It is time we get our police up to date with the rest of the world. That will leave another \$1 million that we can put toward something else or leave it in the General Fund. Keep in mind, when we start paving local streets, it will be infectious. People will start fixing up their houses, property values will go up and it will end up giving us money back in the General Fund.

Mr. Martinbianco stated he supports body cameras.

Mayor Haskins stated body cameras are done through the state so we could get it done quickly.

Mr. Fenner stated I have a hard time supporting the millage rollback. It would be difficult to recover and it is easier to leave it alone than to roll it back and then add it back later if necessary. I do think we need to give back to our residents. I agree that local roads should be one of the focuses. First, we should look at the roads that do not qualify for other funding. I like the 50/50 road match except for if one of the dirt roads decides not to do it; we still have to have the grater. It has to be an all or nothing. I support the police cameras. I prefer the actual footage to be able to be viewed than to have clips from other people cell phones that may be edited.

Mr. Wells stated I would be in support of anything to do with roads, ditching and anything to do with infrastructure. Mr. Heffner is right, when you start paving streets in the south end, people will start fixing up their houses and will feel like they live in a real neighborhood. We could never get a council to do that. The landlords will be the ones to hate it. This will get some of the riff-raff out of the south end. This area at one time was a wonderful community. I raised my kids there, Mr. Heffner was raised there and Mr. Fenner practically grew up there. This has to happen in my opinion. We cannot hire enough cops to police that area.

Mr. Smith stated he agrees with the majority of the council. It should go toward infrastructure/roads. The challenge for the administration is how we get the most bang for our residents buck. The administration has done a wonderful job. We are now, after six years seeing the fruits of our labor.

Mr. Heffner stated we could also offer a 75/25 and special assess. We special assess for the 25% and we could stretch the dollars another \$1.5 million.

Mr. Abbey stated we need to put some preliminary cost estimates to the roads to get an idea of what we are talking about in real dollars. Then, we can talk about the percentage of splits.

Mr. Heffner stated I do not want to do only dirt roads; I want to do the roads that have decayed all over the city. I want to make that clear.

Mr. Abbey stated I concur. If you are going to do that, the council needs to be on board 100% because it is a 7-0 vote. It is a long drawn out process to do special assessments. To do the individual roads like that, you are talking a few years at least. Whereas if the council voted 7-0 with the split percentages and created a special assessment district, we can move it along a lot faster with much better pricing.

- MERS & Health Care

Mr. Smith stated MERS and healthcare are trending in the black. I think this has partially to do with the stock market. The extra \$6 million we put in is really multiplying. Does everyone agree that we will put no additional money into MERS other than the \$1 million?

Council agreed to put only the \$1 million toward MERS.

Mr. Smith stated OPEB is also trending in the black, right Mayor.

Mayor Haskins stated we budgeted for the normal payment plus an additional \$400,000, the same as last year. This took us off the list and takes us from \$13 million down to just under \$10 million of unfunded liability.

- Supplemental Info

Mr. Martinbianco stated we talked about the fund balance computation and that just talks about the General Fund. I would like to see the implementation of the fund balance computation done for other departments particularly, the Police and Fire Funds because they are incremental on your tax bill. It will show compliance and overbearance from the General Fund.

Ms. Holbrook stated that is useful information. It is a simple computation and it is easy for me to provide. I will attach them to the meeting agenda beforehand.

Discussion continued regarding the fund balance policy.

Mr. Martinbianco stated I would walk back my comments about rolling back the millage if this is put into place.

Mr. Smith stated we have given the administration a lot to think about and a couple months to digest it. In June, at the end of the budget, I would like to have one or two workshops to discuss this further. I think this is really going to benefit our residents.

Meeting was adjourned at 7:10 PM.
