CITY OF BURTON

BUDGET MEETING

MAY 20, 2020

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	Remote	
Dennis O'Keefe	Councilman	Remote	
Steven Heffner	Councilman	Remote	
Danny Wells	Councilman	Absent	
Vaughn Smith	Councilman	Present	
Gregory Fenner	Vice President	Present	
Christina Conley	Councilwoman	Absent	

B. STAFF PRESENT

Duane Haskins, Mayor
Racheal Boggs, Clerk
Karen Moffitt, Controller
Charles Abbey, DPW Director/HR
Brian Ross, Police Chief
Kirk Wilkinson, Fire Chief
Jean Johnson, Senior Center Director
Steve Phillips, IT Director
Mike Vogt, Assistant Fire Chief

C. AUDIENCE PARTICIPATION

Public Comments may be sent to publiccomment@burtonmi.gov.

No audience participation.

D. BUDGET DISCUSSION

Mr. Smith reminded everyone of the date change for the budget workshop originally scheduled for Tuesday, May 21, 2020. This meeting will take place on Thursday, May 26, 2020 at 6:00 PM instead. We will cover major roads, local roads, motor pool and rubbish.

Ms. Moffitt stated tonight that we are going to review the budgets of the Senior Center, Police Department and Fire Department. I would first like to answer a question from last night. You asked about the insurance for City Hall and why it increased and I mentioned I had changed the allocation and would look into it. We were using a standard allocation for years and when I took over the position as the Controller, I looked at how we were allocating our liability insurance and found that the allocation did not seem fair. It was not allocating fairly between the departments. Therefore, I came up with a standard allocation based on the percentage of budget. It seems like a more applicable allocation method because each department has some liability for their employees and things that may happen during the day. Previously, there was not much charged to City Hall, fire, streets or motor pool. Changing the allocation added more to those departments and less to other departments based on percentage of budget to make it a fairer distribution. Our rates went up 4.8%, which attributed to the increase also. I emailed the shared allocated salaries spreadsheet. If you have questions, please ask. Shared salaries are salaries that are more indirect that service all departments. Examples are accounting, purchasing, HR and benefits. We re-looked at this and tweaked it so that the allocations more closely represented how much time we spend in each department. We came up with a standard allocation to charge departments for those services.

- Police Department- Looking at the 5-year forecast, you can see we are projecting over spending next year in the amount of $308,000. That will improve because of the expected increase in tax revenue. I had to increase the transfer from the general fund in 2021-2022. You will see under revenue, I added $400,000 to the general fund transfer. It went from $252,000 to $652,000 in order to balance out the police fund budget. We still have a deficit but hopefully that will cancel out with the property tax improvements. Based on the 5-year projection, we are over spending a little bit each year and that will come out of the fund balance. We are projecting at the end of this next year to have a fund balance of about $329,000. In the 5-year forecast, you will see a projected 1.5% tax revenue increase projecting 37 officers, which includes one officer partially funded from the GAIN grant. Heath insurance costs increased 10% annually, 2% on supplies and utilities. No retirement rate increase or decrease. Principal and interest payments on the debt per the debt schedules and we included $20,000 each year for the police camera system upgrade. Looking at next year's budget, for revenue, based on the revised taxable value figures, we are anticipating $170,400 more in additional tax revenue so we need to add that to the current tax line item. The new budget there will be $ 5,330,400. Local community stabilization, which is personal property tax reimbursement from the state, if there's no reduction to that, we should anticipate more money there so I increased it to $134,600 which is what we collected this year. I put money in for the Hemp Grant, OHSP grant and OCDETF grant. We took them out last year because the previous chief didn't think we were going to receive any funds. The revenue for the GAIN grant is reflected here, estimated at $72,000. I increased interest income from $1,000 to $3,000. Basically, the rest of the revenue accounts are the same. The total adjusted revenue figure is $5,959,900. For expenditures, the salaries went up slightly because of step increases for new officers. Shared salaries decreased slightly because of the new allocation. Overtime was increased slightly for the Back to the Bricks event. MERS costs are reflected at our expected rates. I also wanted to mention the total cost for our MERS cost went up $355,000 for next year, about $300,000 of that is for police. Fringe benefits increased as well as 10% for health insurance. The new Police Chief is in the defined contribution plan so, that increased. I added a little extra because of our new officers that are currently not on our health insurance but may be converting over at some point. The Police Chief, at the request of the Mayor, reduced several of his line items around 15%. Office supplies, postage, ammunition and weapons, uniforms and operating expenditures were all reduced. IT allocation decreased. Grant money was added as an expense to offset revenue. Reductions were also made in auto repair, building repair, equipment repair, miscellaneous, training and office equipment. We purchased additional police vehicles in this current year with money from salary savings so, we will not be purchasing vehicles this year and was able to take out the $240,000. The parking lot, sidewalks and storage tank are budgeted for this year so it was taken out for next year. If it doesn't get done this year, it falls to fund balance. The total expenditures budgeted are $6,097,500. Subtracting that from the revenue, the revised excess of expenditures over revenue is $137,600. That will be subtracted from the estimated beginning fund balance of $637,961, leaving us with an ending fund balance of $500,361.

Mayor Haskins stated Karen had mentioned that police vehicles were taken out of the budget. If throughout the year we can find extra money in the budget through savings, we would like to continue to keep the fleet updated, by getting two vehicles and get rid of the old vehicles. I do not want any surprises if we do find savings.

Mr. O'Keefe stated in 2021, Chevy is coming out with a brand new Tahoe and it looks good. I sent an email about it. As far as staffing, where are we with the number of sworn Police Officers?

Chief Ross said we are currently at 34 officers. We will be down to 33 in the next month due to a retirement.

Mr. O'Keefe asked how the corona virus is going to impact hiring of officers. He expressed concern about public safety.

Chief Ross stated we will be hiring as soon as we are able to.

Mr. O'Keefe asked if the budget cuts that have been made will affect safety of officers; vests for example.

Chief Ross stated we should be all set. There is a bulletproof vest partnership program that I see we have not taken advantage of in the past. If anything comes up, the program pays 50% of the vests.

Mr. Martinbianco asked about the storage tank replacement and the parking lot.

Chief Ross deferred to Mr. Abbey.

Mr. Abbey stated we have the same situation at the DPW. We have issues because the parking lot cannot be done until the tank remediation. We have a consultant that is working on it with us. Once we get a clean bill on the soil, we will redo the parking lot and put the tanks in place. We may go with above ground tanks because of environmental concerns.

Mr. Martinbianco asked how much of the $130,000 have we expended?

Mr. Abbey said, not much. Part of the consultant expense was already under contract. When we know hard numbers, we will have to come back to you.

Ms. Moffitt stated the Police Department does not have anything on the capital asset request list for 2021. On the 5-year plan, we have two police vehicles each year. The drug law enforcement fund, we switched the way we are receiving those funds. It is unknown how much we will receive so we budgeted $5,000 for revenue and $5,000 for expense. We wait until we receive the funds before we spend them. We are estimating a beginning fund balance of $4,668 so if we spend what we are bringing in we will end with a balance of $4,668. The police K-9 fund is donation funded. We never know what this amount will be. If we receive donations, we amend the budget. For next year, we are budgeting $100 coming in with expenditures of $1,300. We are projecting a beginning fund balance of $1,536. We are expecting an ending fund balance of $336. The police and fire sculpture fund, we did not budget anything.

Mr. O'Keefe asked if anyone is in charge of the sculpture fund.

Ms. Moffitt stated the Fire Chief will provide information regarding this. The fund balance is $37,000.

Mr. O'Keefe stated it just seems to roll over every year. It would be nice if the Chief's put something together and instituted a plan.

- Fire Department- For the 5-year forecast, we are projecting over spending $68,875. The fire fund does have a fund balance so over spending comes out of the fund balance. It does not look like we will have a need to increase the transfer from the general fund. Based on the revised taxable value figure, we anticipate increased tax revenue of $20,100 bringing the budget for tax revenue to $628,000. Local community stabilization money, which is the reimbursement from the state for personal property taxes, we are estimating that to increase up to $15,800 based on collections this year. Site plan review fees increased to $1,500. Because of the fund balance, we are allocating more interest income so we increased that to $3,000. We took out funds for the CDBG grant because it was a one-time grant for this year. We are projecting revenue of $1,562,600. The Fire Chief reduced right around 15% in several line items per the request of the Mayor. Salary accounts went up slightly based on changes in positions and the new ordinance. Part time firefighter salary was reduced substantially, down to $175,000. Shared salaries went up based on the new allocation, MERS increased with the new rates. Fringe benefits increased. There is a 10% increase in health insurance. Office supplies, safety wear, operating expenditures, memberships & dues, auto repair, certifications and training were all reduced. The IT allocation was reduced substantially because we eliminated nine computers. Insurance increased slightly because of the new allocation method. Other reductions include equipment repair, building maintenance and supplies, training, prevention materials, new equipment and office equipment. The principal and interest on debt was adjusted to the debt schedule. Total expenditures budgeted are $1,611,375. Subtracting that from the adjusted revenue figure gives us an excess of expenditures over revenue of $48,775. With the estimated beginning fund balance of $435,958, that gives us an ending fund balance of $387,183. Fire capital projects fund is $150,000 transferring in from the fire fund. This is for debt payments on two of our fire truck loans. As you can see, for this year, we had proceeds coming in for the new ladder truck. We will not have that this year so the $820,000 has been taken out of revenue. We are reflecting revenue for next year of $151,000. Likewise, under expenditures, the expenditure for the new fire truck has been taken out for $1,020,000. Principal and interest has increased for the additional debt payment. We are budgeting expenditures of $112,500 and estimating we will end the year with an excess of revenue over expenditures of $38,500. Adding this to our estimated beginning fund balance of $26,471 for an ending fund balance of $64,971. There is one item on the capital asset request list for this year. This is for the new tornado siren. We would like one next year and one in each of the following two years. On the 5-year forecast capital asset sheet, you will see the two sirens listed there for 2021-2022 and 2022-2023. We also listed the replacement of the Fire Chief and Assistant Fire Chief vehicles that we might need to consider as a future expenditure. Fire truck replacements are also listed for 2022-2023 and 2024-2025.

Mr. Fenner asked how the part time fire fighter's salary could be reduced.

Chief Wilkinson stated when the Deputy Chief's left the department, their salaries were never taken out of the part time fire fighter line item.

Mr. Fenner stated we are not reducing the number of firefighters or their pay in anyway.

Chief Wilkinson said, no.

Mr. O'Keefe asked if the Chief has any concerns with safety issues with the budget cuts.

Chief Wilkinson stated we have done a good job of keeping gear and equipment current. There are funds in there to keep the rotation going.

Mr. O'Keefe asked about the sculpture fund. Is this something we can resurrect?

Chief Wilkinson stated Chief Halstead started it with the intent to have a new memorial between the front parking lot of the driveway to the police department and cut into the employee parking lot. After he passed away, Chief Odette took over the project. We looked at the drawings and figures and the cost was approximately $250,000. We received new bids reducing the size and detail of it and that was around $150,000. Originally, Chief Halstead was selling paver bricks with names inscribed on them and held a golf cart raffle to raise money. That is where the money that is in the budget came from. It is really about getting the money. This is an expensive project.

Mr. O'Keefe suggested the Ruth Mott Foundation or obtaining another beautification grant.

Chief Wilkinson stated at one time they discussed grants and thought it may fall under Parks & Recreation. The previous Parks & Rec Director was checking into a DNR grant.

Mr. O'Keefe suggested the Chief's talk to the Parks & Recreation Commission to see if there is something we can do with this.

Mr. Martinbianco asked about the fire capital projects improvement. In the current year budget, loan proceeds were in the amount of $820,000. Where did that come from?

Ms. Moffitt stated that was for the ladder truck through Elga Credit Union. The truck was $1,020,000 and we used $200,000 of our fund balance as a down payment.

Mr. Martinbianco asked if trucks that we have on lease are in the scope of the fire budget.

Ms. Moffitt stated this fund is paying for two trucks. Our debt summary is at the back of the budget book. I think the fire truck capital lease is in the regular fire fund and expires in July 2024. The fire pumper truck capital lease that expires in August 2032 and the ladder truck that expires July of 2034 are in the capital projects fund.

Mr. Heffner stated speaking of Elga, a few months ago we had our internal control review and they mentioned one of our banking people only required one signature at one of the banks. Did we ever get that problem fixed?

Ms. Moffitt stated Elga does not require two and are not set-up for two. We no longer have funds with Elga. I believe we pulled out funds. I think the sewer fund might still be with Elga. It's an internal banking thing. We can tell them to require two signatures but they may need to be set-up to monitor that.

Mr. Heffner stated we may have to go somewhere that does. That may be a conversation we need to have somewhere down the road.

Ms. Moffitt stated she can check with them and find out more information.

Mr. O’Keefe asked where our main account is through.

Ms. Moffitt stated Huntington. We have some money with Chase for our electronic deposits. Both of these organizations require duplicate approval to withdraw any funds.

Mr. Heffner would like to know if the Chief is comfortable with the loss of the certification and training as well as the training and material revenue. Will this prevent any firefighters from being trained and/or certified?

Chief Wilkinson said, no. It will not because the fireworks fund through the State of Michigan has been paying for a lot trainings. Currently, sending fire fighter’s to the academy is no cost to us because that is being paid for by state fireworks funds. As long as fireworks are still legal in Michigan, it will generate revenue for the entire state.

Mr. Heffner stated if something comes up and you need funding for training or certification, come to us and let us know.

Mr. O’Keefe asked where we are for staffing levels of fire fighters.

Chief Wilkinson stated currently, we have 43 personnel. That is counting the Assistant Chief and myself.

Mr. O’Keefe asked your target is much higher than that, is it not?

Chief Wilkinson stated it used to be 65 back in the day. I do not know that we will ever get to that again. Staying the same would be great. We do not get the application that we used to get. We try to hire before the academy to give them a chance to see what it is all about. With the pandemic, I don’t know if it is feasible to hire this year.

Mr. O’Keefe asked if the idea of going into the schools and talking to the high school seniors ever worked out.

Chief Wilkinson stated we started advertising to them last year and did not get any applicants. Prior to the pandemic, we had talks with the Genesee Area Skill Center about having a Skill Center Academy so when students graduate high school they would have their fire fighter 1 & 2 certifications as a high school class they would get credits for. There is already an EMT program set up like this. We were looking to potentially start it, not this upcoming school year but, the following. I don’t know what kind of delay there will be with the pandemic and the schools closing down early. We were anticipating having meeting in late April or beginning of May and obviously that didn’t happen.

Mr. O’Keefe stated that sounds like a great idea. I hope it works out in the future.

Chief Wilkinson stated it has worked well in other areas of the state.

- Senior Center & Libraries- Revenues were not changed much. We increased the sale of assets slightly because we thought we might sell the old shuttle. We increased the hall rental revenue account because rentals have increased. Total revenue we are projecting is $391,500. The county senior millage revenue is expected to continue at the same rate. The contribution from the general fund of $180,000. Under expenses, some line items were decreased. Repair and maintenance increased; $10,000 to convert the pool room to a classroom. More and more classes are being held there and a quiet area is needed. Money from other line items was transferred into this line item. $5,000 was added to new equipment to furnish that room. The vehicle line item was reduced. The increases for MERS and health insurance are reflected in the budget. Shared salaries increased because of the new allocation method. We are budgeting expenses of $391,800. We expect to have expenditures exceeding revenue of $300. There is a fund balance and we are estimating $180,059 at the end of current fiscal year so we are projecting at the end of 2021 to have a fund balance of $179,759.

Ms. Moffitt stated there is nothing on the capital improvement list. In the 5-year forecast book, I added a new tab this year. It is at the back, labeled capital assets. We can use it for planning purposes. I added to that, the Senior Center parking lot. We did make some repairs this year so we do not anticipate needing anything in the next fiscal year but the following year, we might need to look at repaving the parking lot.

Mr. Smith reminded everyone that our next Budget Meeting will be held on Thursday, May 26, 2020 at 6:00 PM. We will cover major roads, local roads, motor pool and rubbish. I would like the administration and council to take some time to look at the capital asset request.

Mr. Heffner commended the Mayor and administration on a job well done with the budget so far.

Meeting was adjourned at 7:01 PM.