



CITY OF BURTON

BUDGET MEETING

JUNE 10, 2015

MINUTES

Council Chambers

Budget Workshop

6:30 PM

**4303 S. CENTER ROAD
BURTON, MI 48519**

This meeting was opened by Councilman Tom Martinbianco at 6:30 PM.

A. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Present	
Duane Haskins	Councilman	Late	6:41 PM
Dennis O'Keefe	Councilman	Present	
Steven Heffner	Councilman	Present	
Ellen Ellenburg	Councilwoman	Present	
Vaughn Smith	Councilman	Present	
Steven Hatfield	Councilman	Excused	

B. STAFF PRESENT

Paula Zelenko, Mayor
Sue Warren, Human Resources
Mark Udell, I.T. Department
Tom Osterholzer, Police Chief
Jesse Southard, Motor Pool
Marvin Epperson, Fire Chief
Chris Howser, Road Supt/Foreman

Rik Hayman, Chief of Staff
Ginger Burke-Miller, Controller
Bette Bigsby, Benefits
Robert Slattery, DPW Director
Kirk Wilkinson, Assistant Fire Chief

C. AUDIENCE PARTICIPATION

None

D. BUDGET DISCUSSION

1. Discussion on Information Technology Department, Page 51

Mrs. Burke-Miller stated the Information Technology Department Revenue is higher because we have more computers here with the new ones in the Council Chambers. Everything else has gone down slightly. She asked if anyone has any questions on the revenue side.

Mr. Martinbianco stated that since 2013-2014 Fiscal Year this has continued to go up by almost 50%.

Mrs. Burke-Miller stated it covers everything down the expenditure area. We develop the expenditures area first, which includes salaries, fringe benefits, office supplies, operating supplies, contractual services, leases, dues and memberships, training,

insurance, equipment repair, miscellaneous, depreciation expense and office equipment. That is how we come up with the revenue side of it.

Mr. Martinbianco suggested we look at the expense side first then.

Mrs. Burke-Miller stated that compared to our budget last year there is not much change except in depreciation expense. Plante Moran has had us capitalize our lease on the computers in 2013-2014 which was much more than we anticipated. In the salary and fringe benefits it only included the I.T. Director.

Mr. Martinbianco stated we went from a fund balance of \$123,400.00 Down to \$17,500.00 Over two fiscal years. He feels this is not good. At some point we need to cut expenses or we need to increase revenues. What can we do to enhance the income side or is there no way to do that.

Mrs. Burke-Miller said we would have to charge out more money to each of the other departments. This is an internal service department. We have moved the IQM2 cost from the Clerk's department budget to the Information Technology Department budget now and that is a reason for the increase.

Mr. Smith asked Mrs. Burke-Miller to explain the increase over the past two years in general fund and does it have anything to do with personnel expenses? Where is the increase coming from? These gone up almost 50%, why?

Mrs. Burke-Miller stated we increased because we did put in all new servers when we did the big upgrade at City Hall. I honestly can't remember from 2013 to 2015 what the difference was. We moved the IQM2 cost from the Clerk's department budget to the Information Technology Department budget now and that is a reason for the increase.

Mr. Smith stated he is going to need an answer for that. He wanted to know if it includes additional personnel in that department.

Mrs. Burke-Miller stated no it does not have to do with personnel. We have a huge chunk that sits under City Hall. There never has been any rhyme or reason for it. We have the copiers and toner.

Mr. Smith stated I understand that but I want to know why it has gone up 55% in two years.

Mrs. Burke-Miller stated in 2012-2013 it was \$115,000.00; 2013-2014 it was \$91,000.00; 2014-2015 it was 124,000.00, I believe it was because we changed our allocations.

Mr. Smith stated he would like the detail on the allocations.

Mrs. Burke-Miller said, ok.

Mr. Martinbianco stated by the ladies own words are that we have been over budgeting for the last two fiscal years that we know of.

Mrs. Burke-Miller asked for input from City Council as to how they would you like to see it allocated. She feels like she is shooting a moving target with you all. If there is a different method that you could suggest I am open to suggestions.

Mr. Smith asked Mrs. Burke-Miller to show the Council how it was being allocated in 2013-2014 verses how it is being allocated in 2015-2016. The numbers have to be large or you have different categories in that number. We are just asking for details of what that is because we are looking at 55% increase over 2 years.

Mrs. Burke-Miller stated that in 2013-2014 the Fire Department had 18 new computers and so we allocated more to them that year. They went from \$13,600.00 to \$31,700.00. So we had to reallocate things. The police department decreased sufficiently from \$110,200.00 to \$37,800.00. We did a whole redistribution because of the fire department primarily.

Mr. Smith said he is asking for Tech Charges for General fund from going from \$91,000.00 in 2013-2014 to \$146,000.00 in 2015-2016. I am asking why did this go up?

Mrs. Burke-Miller stated it is going to take me some time to put that together. If you would have sent this to the Mayor in advance I could have had it ready for you. She said that we are dipping into fund balance.

Mr. Martinbianco stated that maybe we need to cut expenses as opposed to dipping into fund balance.

Mrs. Burke-Miller said ok what do you want to cut? Do you want to cut depreciation expense? She stated that we don't have all the assets in the asset system yet to run that for you. She has to make a judgment call on who has obtained more computers throughout the year. We have more computers sitting here in this room.

Mr. Smith asked if the 55% increase is all computers.

Mrs. Burke-Miller said, yes. A large portion of it is. We also have other things that have increased; we have copiers, more software and IQM2 with video. These items are not coming to the City free.

Mr. O'Keefe stated that Mrs. Burke-Miller said this is an expense driven account. Most of the change is in Contractual services which she has a footnote for. The only revenue this account has is from each department.

Mrs. Burke-Miller asked if you want a break down of the depreciation as well?

Mr. Heffner asked if the \$6,100.00 for the upgrade on the website design is that in this budget?

Mrs. Burke-Miller asked how could I have known that back in February?

Mr. Heffner said, so that is a no. I am just asking a question.

Mrs. Burke-Miller stated no. It is not there but I can put it in.

Mr. Heffner said yes, please.

Mrs. Burke-Miller said ok now we have to spread more money. Where to you want it, the Mayor budget, the Council budget or the I.T. budget?

Mayor Zelenko stated I am not the one requesting it.

Mr. Smith suggested taking it out of the Capital improvement for City Council we have \$95,000.00.

Mrs. Burke-Miller stated that there is \$95,000.00 in Contractual Services, is that where you want the \$6,100.00 for the website? Mrs. Burke-Miller will make a note that \$6,100.00 for the website will be taken out of the City Council budget for fiscal year 2015-2016.

2. Discussion on Motor Pool Budget, Page 53

Mrs. Burke-Miller stated we have an increase in salt for around \$20,000.00. This works the same way as I.T. budget which is an internal service fund. As we use equipment, money comes in from various departments for the rental of the equipment. Salt and gravel will be over in the Roads Department as expenditure and revenue coming into this department.

Mr. Martinbianco asked how many employees are being billed for motor pool.

Mrs. Burke-Miller stated the Motor pool has 2 full time employees and the overhead, which is a portion of other administrative employees.

Mr. Smith asked about the 3 DPW people that were hired in 2015. Are they replacements for people who left or are they new?

Ms. Warren stated no, they were all 3 replacements. Two people had gone out on disability and 1 on maternity leave and never returned.

Mr. Smith asked if the 2 that are out on disability, are they coming back.

Ms. Warren stated no, they exhausted their time. These employees were not in Motor pool.

Mr. Smith asked if the employees that were hired in 2015 were all stable.

Mr. Martinbianco stated that they were not in the Motor pool division.

Ms. Warren said no, they were laborers charged to roads and water/sewer.

Mr. O'Keefe asked Ms. Warren to explain the total staffing of DPW.

Ms. Warren stated you have the Director, Deputy Director, 2 Superintendent Foreman (1 Water/Sewer, 1 Roads), 2 Foreman (1 Water/Sewer, 1 Roads), 2 Operators (1 Water/Sewer, 1 Roads), several laborers, water techs and sewer techs

(about 16), Planning and Zoning official, Building/Code Enforcement/Inspector, 2 in Motor pool, 2 clerical, city maintenance person, 1 engineer. There is 32 total. The number overall for employees are the same as last year.

Mr. Smith asked the Mayor if she is requesting 2 additional laborers.

Mayor Zelenko no, she requesting 3 more people; 2 for water/sewer and 1 for roads. The reason is to make sure we have enough support staff to cover when some of staff retire in the next five years. Also to cover the projects with the SAW Grant, S-2 Grant and the DWRF Grant and make sure we are meeting the requirements of the grants.

Mr. Martinbianco stated we need to get back to topic at hand which is Motor pool not Water/Sewer or Roads. On the sale of vehicles he feels this needs to be increased if we are replacing police vehicles.

Mr. Heffner asked what are we renting for Local and Major Street Equipment rental.

Mrs. Burke-Miller stated that equipment is purchased by the Motor pool, as we use the equipment it is being charged to the department using it. We use the rates that MDOT sets so that this fund is flush with money so when we need to replace a piece of equipment the money is there for it. This is in-house rental.

Mr. Slattery stated the MDOT bases those rental rates on the value of the equipment.

Mrs. Burke-Miller stated that when we seek reimbursement from the State on these grants those rental rates are used.

Mr. Haskins asked who's salary is in the Supervision Salaries category.

Mr. Smith stated it is just a portion on a supervisor salary.

Mrs. Burke-Miller stated that when the budget was put together in February we were going to budget a portion of the DPW Director salary was going to be here. But that didn't happen so we can just remove it.

Mayor Zelenko stated that the proposed budget has to be to Council by April 1, 2015, Mr. Slattery wasn't here then. We used the report from March 6, 2015, which had a title of DPW Administrator because we anticipated that we were going to have someone there. Then we gave you a more updated report after we gave you the proposed budget on April 28, 2015. Mr. Slattery didn't get allocated there so we can just remove it.

Mr. Martinbianco stated lets just take it out.

3. Discussion on Motor Pool Asset Request, Page 57

Mrs. Burke-Miller stated we are asking for 2 dump trucks at \$366,000.00.

Mr. O'Keefe asked Mr. Slattery what do we have in the fleet now. He would like a narrative on why we need new trucks.

Mr. Slattery stated we are in need of a fleet rotation plan. Our fleet is out of date and we need to shorten the time we keep these vehicles. We need to sell these vehicles while they still have some value to them. I am currently working with Jesse Southard on a Fleet rotation schedule. I would like to refer to Jesse Southard on why we need these trucks.

Mr. Southard stated the dump trucks we have are: 1999 is the oldest. The newest is a 2007. The trucks we are proposing is the Western Star Truck, with Truck and Trailer outfitting them. So when they arrive they are ready for use. We have 2 different options, we can lease to own or purchase them outright. The lease to own payment is \$41,770.00 per truck for 5 years.

Mr. O'Keefe wanted to know what repairs are needed for the dump trucks.

Mr. Southard stated we spend \$104,000.00 on 8 dump truck in repairs. The body of one truck is rotted away. It needs \$8,000.00 new springs and currently is not in use. It makes more sense to get rid of the two oldest trucks.

Mr. Heffner asked about purchasing a street sweeper.

Mr. Southard said to make a street sweeper worth the purchase you have to be running it. They have high maintenance cost.

Mr. Heffner said the streets need to be done.

Mr. Slattery stated they are getting a quote to sweep the streets. We have to get the street done or that stuff ends up in the catch basins. He will look into putting in the Vehicle fleet plan that he is currently working on.

Mayor Zelenko stated there is high disposal fees associated with a street sweeper.

Mr. O'Keefe has no problem supporting this but he would like to lease them instead of putting the money up front.

Mr. Martinbianco is ok with the dump truck issue but he does have a problem with sale of vehicles at \$500.00. Mr. Southard what do you guess as a scrap price for those trucks.

Mr. Southard thought we could get a scrap value of around \$10,000.00.

Mr. Martinbianco thought we should go to \$5,500.00 for revenues for sale of vehicles.

Council took a break from 8:03 p.m. until 8:24 p.m.

4. Discussion on Major Street Budget, Page 15-16

Meeting restarted at 8:24 p.m.

Mrs. Burke-Miller said we are showing Transfers in from other funds of 2 million for Belsay, Potter and Bristol Road bridge.

Mr. Martinbianco asked are we taking care of Belsay Road (Court to Davison), Lapeer Road (Belsay to Vassar), Potter Road (Belsay to Vassar), Bristol Road (over Thread Creek).

Mr. Heffner asked if this is a full rebuild on Potter Road.

Mr. Slattery stated no, it is crush and shape.

Mr. Martinbianco asked if Genesee Township is going to pick up the some of the cost for Potter Road.

Mr. Heffner feels there are more heavier traveled roads that need to be redone instead of Potter.

Mr. Slattery stated that Potter Road was used as a detour route. Traffic volume has to be taken into account when planning for years. We are just about to do another Pacer rating and drive all roads to do a multi year plan for the roads. This budget was put together before I was here and these are the roads they already had planned.

Mr. Martinbianco asked if we got any updated numbers from the State on road funding.

Mr. Slattery stated that we are not sure how much of the money we will be getting. In the past, the State has picked projects to allocate that money to.. We just don't know yet.

Mr. Martinbianco stated that at least we should see something from that.

Mrs. Burke-Miller stated in account # 4063 Surface Maintenance not much change from projected activity expect in salaries permanent.

Mr. Heffner asked, why is that?

Mrs. Burke-Miller stated that in the past we would allocate money up from administration, now that we have Rehmann here, the Act 51 report is being done by the Controller. While doing the report we have to keep administration around 10% or lower. Thats why in the past it was being allocated up to the other departments. Not only the Act 51 but the Metro Authority monies that we report on once a year. When it is broken down into the different departments, we report that and we get a sum of money back from the State. It is then allocated based on the current year budget.

Mr. Heffner stated the Contractual Services almost doubled.

Mrs. Burke-Miller said there is a note that it is for the street sweeping disposal fee.

Mr. Smith asked about salaries permanent, is Mr. Slattery in there at all?

Mrs. Burke-Miller stated that yes Mr. Slattery is spread over all six departments in Supervision salaries.

Mr. Smith asked then why did salaries permanent go up. Is that the 2 new hires that you are proposing.

Mrs. Burke-Miller said yes one new hire in streets. The projected for supervision salaries went down because of the passing of Liz Moss, so wages would have been higher if Ms. Moss had worked the whole year. Salaries permanent went down for the projected 2014-2015 budget because we lost two employees in that line item. Mrs. Burke-Miller listed off a list of people who are charged to salaries permanent, there are administration employees split between all these categories. The BSA Human Resource module spreads the wages thru all the categories.

Mr. O'Keefe would like to see the overhead staff be put into a line by itself with a label of shared salaries (administration salaries that are spread across the city). Permanent salaries would be people who normally work in that department.

Mr. Hayman stated the Mayor has directed us to present this next year in a little bit of a different way.

Mrs. Burke-Miller asked if we are ready to move on to trees and scrubs.

Mr. Martinbianco thought we should take \$10,000 out of Contractual services.

Mr. Slattery stated that we have cut down a lot of trees on Belsay Road for the preparation of the upcoming project. It is very expensive to remove a tree.

Mr. Howser stated that in Major streets the trees in the right away need to be trimmed back every 3 years. Belsay Road had about 12 trees that had to be removed because of the paving project coming up.

Mr. Martinbianco withdrew his thought on removing the \$10,000.00 From Contractual Services.

Mrs. Burke-Miller stated we are at 89% of the budget for Drainage. We are proposing \$128,700.00 For this line item in Major Streets. Traffic Signs we will need a budget request for 2014-2015, contractual service was over for this year. Traffic Signs budget for fiscal year 2014-2015 we only used 42% we budgeted the same amount for fiscal year 2015-2016. Pavement Marking is for two striping for 2015-2016. Winter Maintenance we are asking for \$341,900.00.

Mr. Smith asked by salaries permanent and fringes have gone up in Winter Maintenance, can you explain that please.

Mrs. Burke-Miller stated it is anticipating for extra snow removal.

Mr. Martinbianco stated I don't think anyone has questions about cleanup. He stated that you are asking for an additional person for road are they included in this budget and spread among all the difference categories?

Mrs. Burke-Miller stated the new roads person will be spilt 50/50 between Major Street and Local Street.

Mr. Hayman wanted to make sure we have it clear. For wages for next time you want it for salary, fringes and overtime to all be separate. We are going to address that for the next year budget.

Mr. Haskins would like to see overtime be a separate line item.

Mr. O'Keefe would also like to see overtime on a separate line, fringes benefits be just MERS, Medical, Dental, etc. In that line, salaries permanent just employees who actually work in the department and a line for shared salaries for other departments that are charged to a other departments.

Mrs. Burke-Miller stated that Mr. Bingaman inquired if we were going to go out to bond for roads. That is a decision of the Council.

Mr. Smith stated that they figured they could bond for 5.5 million at 3 or 4% interest when Bendzinski was in.

Mr. Martinbianco stated we need to prioritize the roads so we know where we are headed.

5. Discussion on Local Streets Budget, Page 19-20

Mrs. Burke-Miller said right away permit fees stayed the same. Gas & Weight Tax is on worksheet in the back of the book. There is no change in the State of Michigan Row Maintenance Fee. Transfers in from Major Street is the 20% we have been allocating. Contributions from General Fund is \$125,000.00. We currently have no construction projects. We have the same departments that we had for Major Streets. Supervision Salaries are higher because of Mr. Slattery, salaries permanent are up because of adding 50% of a person to this. Same with fringe benefits. Trees and Shrubs we are at 108% for current year so we asking more this year. Drainage we are at 182% so we are asking for more this year.

Mr. Howser stated that we had multiple catch basins that had to be totally rebuilt.

6. Discussion on Rubbish Budget, Page 28

Council asked that we update the numbers to correct numbers now that we have the Garbage contract done. Revenues would go to \$1,310,000.00 in Rubbish fees and expenses would be the same. This is just a pass through account.

7. Discussion on Amy Street Capital Improvements, Page 42

Mrs. Burke-Miller said this is the money from the residents which is then transferred out to Amy Street Paving Capital project transfer in. This is just a pass through.

8. Discussion on Amy Street Debt, Page 45

Mrs. Burke-Miller said this is where you show the money transferring into.

9. Any budget sections not covered in prior workshops

We will have another meeting Monday, June 15, 2015 at 5:30 p.m. to discuss the final budget.

10. Final budget discussions

Meeting was adjourned at 10:38 PM.



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.1

SCHEDULED

AGENDA ITEM (ID # 1654)

DOC ID: 1654

Discussion on Information Technology Department, Page 51



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.2

SCHEDULED

AGENDA ITEM (ID # 1655)

DOC ID: 1655

Discussion on Motor Pool Budget, Page 53



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.3

SCHEDULED

AGENDA ITEM (ID # 1656)

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Discussion on Motor Pool Asset Request, Page 57



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.4

SCHEDULED

AGENDA ITEM (ID # 1657)

DOC ID: 1657

Discussion on Major Street Budget, Page 15-16



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.5

SCHEDULED

AGENDA ITEM (ID # 1658)

DOC ID: 1658

Discussion on Local Streets Budget, Page 19-20



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.6

SCHEDULED

AGENDA ITEM (ID # 1659)

DOC ID: 1659

Discussion on Rubbish Budget, Page 28



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.7

SCHEDULED

AGENDA ITEM (ID # 1660)

DOC ID: 1660

Discussion on Amy Street Capital Improvements, Page 42



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.8

SCHEDULED

AGENDA ITEM (ID # 1661)

DOC ID: 1661

Discussion on Amy Street Debt, Page 45



Budget
4303 S. Center Rd.
Burton, MI 48519

Meeting: 06/10/15 06:30 PM
Department: Clerk's Office
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

D.9

SCHEDULED

AGENDA ITEM (ID # 1662)

DOC ID: 1662

Any budget sections not covered in prior workshops



Budget
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Burton, MI 48519

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Department Head: Teresa M. Karsney

D.10

SCHEDULED

AGENDA ITEM (ID # 1663)

DOC ID: 1663

Final budget discussions