CITY OF BURTON

BUDGET MEETING

MAY 23, 2017

MINUTES

Council Chambers	**Budget Workshop**	**6:30 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

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

A. ROLL CALL

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

B. STAFF PRESENT

Rik Hayman, Chief of Staff
Greg Kray, Deputy DPW
Marvin Epperson, Fire Chief
Chris Howser, Road Superindentant
Teresa Karsney, Clerk
Robert Slattery, DPW Director
Kirk Wilkinson, Assistant Fire Chief
William Fowler, Assessor

C. AUDIENCE PARTICIPATION

None.

D. BUDGET DISCUSSION

1. Proposed Budget for Fiscal Year 2017-2018.

<u>Fire Department (2006) Page 27</u>

Chief Epperson stated at our last budget workshop, council asked us to give them an apparatus update as far as the vehicles, age, miles and hours. Council also asked for an estimate on the cost of a ladder truck. We have that for you tonight. Department of Transportation did not pass our Engine 12 because of rust. We had Pierce Manufacturing look at it. Their recommendation was that this truck needs to be taken out of service and the chassis and frame rail replaced. The estimate for this was $89,029 plus transportation cost of $2,200.00 each way. The estimate to purchase a new pumper truck was $575,000.00 and the ladder truck was $892,625.00.

Mr. Haskins said so Engine 12 is down and the pump on Engine 11 will be going down soon. We will be down two pump trucks. What's the plan, close down a station or move Engines around?

Assistant Chief Wilkinson said to replace the frame rails, they have to take the truck completely apart. They said to expect a call every day that a part broke or needs to be replaced and expect the total to go up to well over $105,000.00. If we had this truck fixed, the resale value would only be $15,000.00 to $20,000.00. It would take 11-12 months for a new truck to be ready and 3-4 months to repair the one we have. At this time, we are shuffling around the trucks we have.

Mr. Haskins said in our original game plan, there was supposed to be $150,000.00 a year set aside for this travesty that's going on right now. Had we done that the last three years, we would probably have a lot more money in there.

Assistant Chief Wilkinson said there is $200,000.00 in the budget to put down on a truck. The down payment would be due upon ordering the truck and the first annual payment would be due upon receipt of the truck.

Mr. Smith stated at the end of 2016 we had 10 unfilled positions. We may be able to take some of those positions that are completely dark and use some of this money towards Police and Fire for these issues. Is it possible for the administration to put together a scenario of what positions they think they can leave dark?

Council asked if we could discuss which of those positions can stay dark in the current budget. The Mayor feels we need to fill the position of Master Mechanic as soon as possible.

Mrs. Burke-Miller mentioned to Mr. Smith that the Mayor already took out $164,000.00 to help you with the fact that you dropped the levy in 2016-2017, so that's already been accounted for.

Mr. Smith stated we have too many people in the budget from where we're at with taxable value.

Council was in favor of the option for the $150,000 down payment to PNC Equipment Finance for the purchase of Fire Pumper Truck with 15 annual payments every 15 years of $39,255.93 at 4.28%.

Assessing (2009) Page 12

Mr. Fowler stated the state requirements for certification for continuing education were increased this year. Assessing personnel statewide are now required to have additional continuing education credit courses to meet their annual requirement to maintain their certification. This training line is for the staff, there is no cost in there for myself.

Mr. O'Keefe asked why Mr. Fowler's charter five position went up when the other charter five positions did not.

Mr. Fowler said the last Assessor that was hired for full time employment with benefits was granted a salary at $75,000 plus online benefits for normal full time employment. When I came on that was the salary that was already established in the line item. I was not aware until you approved the budget last year that a reduction had been made in that line item. The number of hours that we were providing to the city this year was over what was budgeted for. So I am working offline for the month of April, May and June at no cost to the city. If you put this position back in to full time you would have to pay an additional cost for benefits, which I estimated to be around $45,000.00.

Mr. Martinbianco asked Mr. Fowler if there are any outstanding issues out there in terms of protest from big companies and how many residential appeals did we have last year.

Mr. Fowler said currently you have no outstanding appeals before the tribunal. We had five residential appeals last year.

Motor Pool (6061) Page 43

Mrs. Burke-Miller stated on the revenue side you will notice a marked increase in material sales traffic signs. It's gone from $4,000.00 to $14,000.00. This is due to new requirements for traffic signs.

Mr. Howser said we have to put reflective strips on all of the stop and yield signs on major highways. This is the reason for the increase, they are very expensive.

Mrs. Burke-Miller said under Senior Citizen Equipment Rental the amount changed from $26,000.00 to $20,000.00. Major Street Equipment was reduced to $234,000.00.

Mr. Heffner asked about the material sales salt line. Mrs. Burke Miller said in motor pool, we purchase it, it goes into inventory and as it's used by the road department, it's sold to them. Same way with traffic signs.

Mrs. Burke-Miller said on the expenditure side in terms of the salaries and the two positions being vacated during the fiscal year, we have projected a savings of $65,000.00. We bumped that back up with the assumption that we would be filling those two positions.

Mr. Smith asked when filling these two positions does it come out of Act 51 money since there is no general fund money?

Mrs. Burke-Miller said this department is funded through equipment rental and sales of materials but primarily equipment rental. A portion of that equipment rental is coming from Act 51 from the roads. Fringes come from an internal service fund, money that's coming in from all over. The intention of a motor pool fund is to have those monies come in to be able to create a future amount so that you can repurchase and replenish your equipment and vehicles in the future.

Mr. Slattery said such as the Vactor truck that we desperately need.

Mrs. Burke-Miller said when we send the guys out to do the mowing at the Police Department, the Police Department is paying Motor Pool for the use of that equipment. Very little of this comes out of general fund. Local and major streets, material sales for signs and salt mainly come from the Act 51 money. Building maintenance supplies and janitorial current budget was at $37,000.00 and we are projecting it at $20,000.00. Contractual services budget has come down. In the past the accounting office was allocating those monies out across all the DPW divisions and when we had to change over personnel in our office that particular entry fell off the table, so those numbers have dropped.

Mr. Haskins said I think we could reduce the line item for gravel to $20,000.00. Gas and oil, could be reduced to $80,000.00.

Mrs. Burke-Miller stated this is the figure through March. What was used in April, May and June is not included in there yet. We have based our figures on the trends going back to 2007.

Mr. Haskins said it seems like when we leave too much money in the budget, there are issues with us trying to get the money back out. I think we should just go with the lowest amount and if we need more money in a certain line item it can come before council for discussion.

Mr. Howser, Road Superintendent stated the gravel line item money is used for water main breaks to fill the pipe holes back in, it is not necessarily just for street maintenance. Last year we didn't use a lot of gravel but this year we have had to use a lot more.

Mr. Heffner said the council wants to create a line item for roads and put what we can in there. We have a lot of bad roads.

Mrs. Burke-Miller said she would check with the CPA firm to make sure we can take money out of certain areas and set up this fund for roads. You cannot transfer money out of local or major street fund and put into another fund for roads. If you do this, the state will stop sending you Act 51 money.

Mr. Hayman stated Act 51 money cannot go into a special fund for roads. I will find out about this and about what Act 51 money can be used for and what Motor Pool money can be used for.

The council stated they would like to see this in writing.

Mr. Martinbianco said we may be able to put the money into the Capital Improvements Fund and create a line item budget under that.

Mr. Smith said we don't want the money to fall back into General Fund and be reallocated every year. We want it to stay in that one line item and we would have up to three years to spend the money.

The majority of Council agreed on lowering the gravel fund budget to $20,000.00.

The majority of Council agreed to move $1 million to major roads.

Mrs. Burke-Miller said it may be possible to buy a fire truck out of motor pool money and rent it out to the fire department. We may be able to do this for the Police Department also.

Local Streets (2003) Page 35

Mrs. Burke-Miller said on the Surface Maintenance revenue side, the gasoline tax has increased. As for expenditure maintenance line item, we have increased salaries permanent for labor in maintaining the surface of local roads. The road patch will need to be increased. Equipment rental is at $60,000.00.

Mr. Martinbianco stated because we cut $20,000.00 in gravel out of Motor Pool we have a suggestion from the administration to drop $10,000.00 in Local Streets for gravel and $10,000.00 in Major Streets for gravel.

Mrs. Burke-Miller said as for Trees and Shrubs, we have been doing the work internally. They need to buy two chain saws, everything else is staying the same. For Drainage, we have decreased the salaries permanent in favor of putting more in surface maintenance. In budgeting for unforeseen storm drain repairs and equipment rental we are requesting $55,000.00.

Mr. Haskins stated I noticed in Surface Maintenance, Trees and Shrubs and Drainage we have extra money left over.

Mr. Hayman said before recommending cuts in these areas, I suggest waiting until we come back with possible savings that might exist in the vacant positions.

Winter Maintenance (4078) Page 36

Mrs. Burke-Miller stated under Roadside Cleanup, we are budgeting for $8,000.00.

Mr. Howser said our air compressor has been here over 20 years and has recently broke down. We will need to buy another air compressor and patcher.

Mr. Martinbianco recommended the Motor Pool buy this equipment needed and lease it back to the road department.

Mrs. Burke Miller said you would ideally want to have at least $240,000.00 sitting in the fund balance.

Mr. O'Keefe suggested taking $500,000.00 to pay for the air compressor and patcher and put the rest in savings for the roads.

Rubbish Collection & Disposal (2026) Page 47

Mrs. Burke-Miller stated Waste Management donates $5,000.00 to the Police and Fire Sculpture Project.

Mr. Heffner suggested using some of this money for the Veteran's Memorial, which needs new pavers. He said we need to take care of what we have now.

The Council unanimously agreed.

Mr. O'Keefe asked why we need $69,300.00 in the ending fund balance and what it is used for.

Mrs. Burke-Miller said this is the amount that has gradually grown over the years.

Mr. O'Keefe suggested moving $50,000.00 into the savings account for the roads or General Fund.

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Amy Street Paving Capitol Improvement (4146) Page 50

Mrs. Burke-Miller stated we have a deficit balance in this fund. We had borrowed the money from the sewer fund and as title companies send in their payoffs we move as much as possible from fund #3146, where we are collecting those monies in, to this fund to try to decrease that negative balance. We are keeping the state notified of this process which is approved every year by them. We are estimating a $20,000.00 transfer in and the $5,600.00 loan interest to the Sewer Department.

Amy Street Paving (3146) Page 49

This fund is where we are collecting the special assessment money coming in from the residents and we are budgeting for the transfer of those monies out to fund #4146.

The next budget meeting will be May 31, 2017 @ 6:30 PM.

Meeting was adjourned at 9:50 PM.

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Proposed Budget for Fiscal Year 2017-2018.

COMMENTS - Current Meeting:

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ATTACHMENTS:

- Departments (DOCX)

- Assessing
- Treasurer
- Controller
- Election
- Clerk
- Council
- City Hall
- Public Service
- Transfers Out
- Self-Insurance
- Mayor

- Water
- Water Asset request
- Sewer
- Sewer Asset request
- Planning
- Zoning
- Building

- Fire
- Fire Capital Projects
- K Drug Law Enforcement
- Police

- IT Department
- Senior Citizens
- Senior Center Activities
- Burton Youth League
- Park and Recreation
- Police Fire Sculpture
- Veteran’s Memorial
- Cancer Survivors Park
- Capital Improvements

- Motor Pool
- Motor Pool Asset Request
- Major Street
- Local Streets
- Rubbish
- Amy Street Capital Improvements
- Amy Street Debt

Final Budget discussion