CITY OF BURTON

BUDGET MEETING

APRIL 17, 2017

MINUTES

Council Chambers	Public Hearing	6:30 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by Councilman Steven Heffner at 6:37 PM.

A. CALL TO ORDER

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

B. PRESENTATION

1. Fiscal Year 2017-2018 proposed budget.

   Mayor Zelenko stated today I present a balanced budget for the City of Burton Fiscal Year 2017-2018. Once again, in building this budget, we worked to maintain a balance between keeping a healthy financial posture and addressing critical needs including public safety, infrastructure improvements, and continuing to pay down unfunded liabilities. The budget booklet continues to evolve with standardized and improved descriptions as well as a longer term outlook using the five year forecast. Now that we have had a couple of years to build a history with the newer BS&A HR related modules and better understand the system's capabilities, we are able to better track personnel expenses and the work activities variations between years. It has played an important part of realigning job duties, evolving positions, and putting together this proposed budget.

   As you are aware, decades of declining property values and lost revenues have plagued our city and Genesee County with little means to address roads, water, sewer, blight and staffing needs. Although property values are recovering and the accompanying revenues are rising, state constitutional limitations prevent the revenues to recover at the same rate as property values. If we are going to survive as a viable community, we need to be able to provide public safety, good water infrastructure, and roadways to attract developers, business and residents. It continues to concern me that our revenues will not recover fast enough to keep up with the level of services we need in order to continue to grow our community.

   The Flint Water Crisis continues to affect the City of Burton. Approximately 100 residents and businesses located in the City of Burton are connected to the Flint water infrastructure. The installation of new water mains in these neighborhoods is anticipated to commence in May with completion estimated to be in November 2017. Until this water main project is completed, the Burton DPW will continue to pick up bottled water, test kits and water filters. The Burton Fire Department will continue weekly delivery to the doors of our affected residents. Our costs for doing this are tracked and will be submitted to the state for reimbursement consideration. To date, we have received approximately $17,000.00 in reimbursement. The Fiscal Year 2017-2018 proposed budget maintains the Disaster/Emergency Aid line item at $10,000 for these reasons.

Despite the water crisis, the investment in road infrastructure projects these past few years, coupled with our public safety focus, has given developers, business owners and new residents reason to look at Burton. New business and home builds are on the rise. Trail Ridge subdivision pretty much built out last year; two years earlier than expected. Spring Meadows has seen several new home builds. Mallard Ponds and Cross Creek condominiums have experienced substantial building and Burton Estates is expected to see building activity this year. Meijer's major renovation last fall, has demonstrated their commitment to our community and has sparked encouragement among several other businesses to renovate.

The additional code enforcement position approved last year, has allowed an increased focus on blight elimination, property clean-ups and code enforcement. In addition, the anticipated increased number of inspections on new home builds, renovations and businesses is why this proposed budget incorporates additional funding for these area. Five blighted properties in Burton have been included for demolition this year in the grant with the Genesee County Land Bank through the Michigan State Development Authority's Hardest Hit Fund. We continue to look for and apply for demolition grant dollars through these partnerships.

Public safety remains the number one priority of this administration. We continue to work to incorporate the elements of our successful police millage and keep our pledge to the voters. One of the goals of the millage was to increase the number of sworn officers to 36. We stretched to grow the department to 40 in Fiscal year 2015-2016. While we have budgeted for 40 officers in this budget, we will have two officers on military deployment through part of the upcoming fiscal year and we have had one resignation. Due to the forecasted revenues, we did not budget for more than 40 officers.

Another goal of the police millage was to utilize the unencumbered general operating millage to address the needs of our other city departments in adequate staffing levels, road, drainage, water, and sewer infrastructure repairs and additional payments on the unfunded pension and OPEB liabilities. The past few years, increased training in the Fire Department and updated equipment has been a priority as well as exploring the possibility of EMS services in the future. This year we are putting forth a stronger focus on finding new firefighters to join our department as we struggle to keep a good staffing ratio.

Staffing levels in the road division is down by 2 positions, the water and sewer division is down by 4 positions and the motor pool division's mechanic and serviceman positions are vacant. While these positions are all included in this proposed budget, hiring has been slowed due to several factors; labor contract negotiations, finding and interviewing qualified candidates, an administrative decision to delay hiring as a temporary cost savings measure, as well as further evaluation of the personnel need compared to the city's ability to afford the level of services.

In addition to the new water main resulting from the Flint Water Crisis, the water and sewer divisions are continuing with the phases of replacing the infrastructure utilizing the Drinking Water Revolving Fund and State Revolving Fund. Phase 4 of the Tower District water main replacement is underway. Recently, the State has given us an additional $500,000.00 in principal forgiveness on Phase 3; bringing the total to $2 million for the DWRF five phased project.

Despite the under staffed road division, we are working overtime to address potholes, shoulder work, and drainage issues. In addition, they are updating the road plan and will be asking for additional council input on exploring funding options as there is no progress on adequate road revenues from the state or federal programs in the foreseeable future. We will be able to address this together through the budget workshops. There are four Transportation Improvement Projects (TIP) this year; Center Rd. CMAQ, Bristol Road Bridge, Center Road (Lippincott to Lapeer), and Saginaw St...(Bristol to Hemphill) as well as restoration on Belsay Rd. and Lapeer Rd. totaling approximately $1.3 million for the City's match reflected in this budget.

Lastly, this year we will begin the third phase to refresh our computer/work stations, software upgrades, improve website content and further address building security needs.

While local governments, including Burton, continue to face serious challenges, this administration works hard to find opportunities to move forward in a fiscally responsible manner. We owe it to our citizens and they expect it of us.

In closing, I want to thank you for your support in moving our city forward and express that I am encouraged by your new focus on goal setting. Having shared goals will make it more effective in finding the best paths to obtain them. These are exciting times for our community as so many aspects are evolving into a new way of doing business and providing services.

I look forward to working with you during the upcoming budget workshops.
Councilman Smith stated being a finance chair for the City of Burton is very challenging because we are in the process of rightsizing our City. The economy has changed in the area locally. I have prepared a bridge version of where we are headed as a city, financially. I will start with our budget year for 2015-2016 pertaining to the General Fund. It reads our general budget and administrative costs were 31 cents out of every dollar for labor for the city. The legacy cost payment was 12 cents out of every dollar. This brings the total to 43 cents out of every dollar that went to general government and administration in legacy costs. The general fund for 2016-2017 budget year rose to 36 cents of every dollar for labor and our legacy costs were up to 15 cents of every dollar. Keep in mind we are putting a million dollars in every year on top of our normal MERS payment. This brings the total to 51 cents of every dollar is now going toward labor and legacy. The proposed budget for 2017-2018 budget year, the general government and administration went from 36 cents to 40 cents out of every dollar for labor and the legacy costs went from 15

cents to 17 cents out of every dollar, bring the total to 57 cents out of every dollar. Lansing has been cutting what they send us. Several years ago, twenty two percent of the police officers pay was going toward the MERS payments to pay for the police officers that had retired. We are putting in $160,000 to $180,000 per year to subsidize the payment that the police would have to make to cover their obligation on their pension. So a half a million dollars went in, not to reduce our legacy costs, it was so that a police officer could afford to come here and work in Burton. The police millage generates about 3.4 to 3.5 million dollars a year. One whole year of that police millage has went into labor and legacy and we are still bleeding.

On the labor side unions are saying they haven't had a raise in 6-8 years. Our payroll is going up about 10% per year. In three years our payroll has grown from approximately 5.2 million to 5.8 million dollars. This is prior to the new union contracts. That's over 30% growth in three years. We want good roads, good police and fire and keep the infrastructure up. Unfortunately, the financial wherewithal is not there. I would like to commend Tim Rapacz from the Zoning Board. He sent me a 37 page document from 2014 that touched on bankruptcy of a municipality from a federal level and the difficult balance between services and being able to pay for those services. It states that pension benefits that are sustainable and affordable in public services are at a level to develop and foster growth in business and new jobs. Such growth will allow the municipality to increase the taxpayer base and revenues and meet reasonable and employee related expenses. It states, unless these goals are met corporate and individual citizens will leave.

According to the most recent U.S. Census, Burton had 29,999 residents in 2010. The U.S Census projects that in 2015 we have 28,788 residents. We have lost 4% of our population. This means that 1,250 people no longer live in Burton, so they are not paying taxes. We are not sustainable yet. The Mayor provides a balanced budget but we have been running a deficit budget for the last few years because we have had to go into our general fund. We have some tough decisions to make. The next three or four years are going to determine where we go.

C. OPEN PUBLIC HEARING

1. Hear Public comment on Fiscal Year 2017-2018 proposed budget.

Tom Gorang of Burton said he thanks the City Council and Administration for the hard work they are doing in these difficult times, with limited funds and resources. As a local citizen my priority would be to continue with the infrastructure and improvement in roads, public safety and blight elimination. This is also important to bring in new business and residents.

Kim Sadler of Burton stated I have lived in Burton for three years. My suggestion would be that Council come up with a percentage of cuts to the budget even if it goes into negotiations. Get everyone on the same playing field with the understanding of what we can hope for in the future. Also, there was a special assessment put together for the streets in Beechwood Estates. The streets are falling apart and you are not that far away from having to replace everything all over again. My other question is, with as little bit of snow we have gotten in the last few years, why can't we get the streets cleaned in 24 hours. If it is a problem with machinery or personnel, I suggest you look into short term contracts in the case of emergency snow removal and prioritize some of it.

Rick Fuhst of Burton stated I was negotiating with an electronics company that wanted to build a factory. They were interested in a piece of property off Genesee and Davison Road along the tracks. It would have been a nice place for the factory, a lot of acreage, access to the expressway and airport. The millage passed, Bentley School District said they needed more money and it was at that point that they decided to say no. They said we don't have our budget under control and they were not interested in building in our city. If we don't have a good base to the budget, it is going to be very difficult to bring good businesses in.

John Hubbard from Burton stated he thinks Mayor Zelenko's priorities are appropriate in terms of looking at the health and wealth fare of the citizens. That is the primary goal of government. Mr. Smith's presentation was very informative and I thank you for that. I think the legacy costs is the major threat that this city faces. My question is, has there been a person or a committee assigned for this specific responsibility of developing a strategy for approaching this legacy problem. Also, I don't understand why the roads that we do fix do not last that long.

Councilman Martinbianco said the Mayor has been appointed by the Governor to a legacy administrative team to try to address those issues because that expands farther than the City of Burton.

Chris Johns of Burton stated as a member of the Planning Commission, I am asking you to please take deliberate and due steps to develop a Park system. We need a true central location where we can have the Movies in the Park program and possible a dog park as well. I represent two people from the Orchard Estates. We have an interest in beautifying the city. We are asking for support of the city, in this case cleaning up the area of Belsay Road from the Orchards down to the gas station on Atherton Road. There are people in the city that want to do the work. They are not looking to get paid but they will need help disposing of the debris they have from the cleanup. Continue with Keep Genesee County Beautiful whether it be the intersections or the blight that the mayor addressed with her presentation. The Iron Bell Trail, Burton South to Grand Blanc, could be an opportunity for development. Incorporate additional space along the roadways for people who bike and walk. Look at the overall speed and maybe reduce the speeds on some of these streets. Also make a real effort to promote the benefits of Burton in regards to location and affordability. I think there are very few places in Genesee County that have the housing stock and the location that Burton has to offer. We can bring people in if they know about the housing values in Burton. Mundy Township and Swartz Creek had a regionalization project with the police force. Looking into the benefits of regionalization I am thinking there might be some back offices things where there could be some sharing of services across different departments, whether it be Grand Blanc Township or Burton. That may offer a financial benefit to other places. Thank you for the discussion on the pension. We know what happens here in Burton also has to happen at the county and state level. We are very aware of the legacy cost issues so please be diligent in addressing that.

D. CLOSE PUBLIC HEARING

Meeting was adjourned at 7:13 PM.

Budget
4303 S. Center Rd.
Burton, MI 48519

SCHEDULED

Meeting: 04/17/17 06:30 PM
Department: City Council
Category: Budget
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

AGENDA ITEM (ID # 2947)

DOC ID: 2947

Fiscal Year 2017-2018 proposed budget.

COMMENTS - Current Meeting:

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