CITY OF BURTON
COUNCIL WORKSHOP MINUTES
APRIL 28, 2003, 3:00 P.M., COUNCIL CHAMBERS

Larry Brawner, Council President, called the workshop to order at 3:07 P.M.

Members Present: Bement, Brawner, Centilli, Cross, Martinbianco, Tinnin and Wells.

Members Absent: None.

Others Present: B. Becker, Treasurer/Controller; Mayor Charles Smiley; D. Lowthian, Assessor; C. Abbey, Administrative Assistant; R. LaDuke, DPW Director; G. Webster, City Clerk and C. Ladd, Deputy City Clerk.

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED 2003-2004 CITY OF BURTON BUDGETS, AS FOLLOWS:

1. General Fund Revenues
2. City Council
3. Mayor
4. Clerk/Elections
5. Treasurer/Controller
6. Public Service
7. Parks and Recreation
8. City Hall
9. Assessor

PRESENTATION AND COUNCIL DISCUSSION:

Mr. Brawner commented that he would like to keep the work sessions informal, which has been done in the past. If there are any questions please direct them to Mr. Becker or the department head.

Mr. Becker said today's agenda is aggressive but he would like to go through the budget process informally, the same as in the past. He said he would like to alter the agenda if Council has no objections. He expects to have the budget adopted at the June 16th regular council meeting. Mr. Lowthian is still waiting for the final numbers from the County. Once he receives them a Truth and Taxation Hearing would be held. Mr. Becker noted that this is the most difficult budget he has had to deal with since he has been here because of the issues at the state level. This was a difficult task and a lengthy process with the department heads.

General Fund Revenues:

Mr. Becker reviewed the General Fund Revenues and said this year it increased 4.1% to a value of $626,314,310.00. The cost of living factor that forces the Headlee Truth and Taxation numbers, the inflation number that we could use for last year was only 1.5%. He further explained that because of new construction our taxable value did go up 4.1%. This affects General Fund, Sewer Debt Millage and also the Police Millage. These issues will be discussed at another work session. Mr. Becker reviewed the past two years versus this year. He noted that the items on page 11 equal 44% of the General Fund Revenue, which is a major funding source of the General Fund.
He said many of the items on page 11 are self-explanatory. He explained the history behind the State Shared Revenue. Mr. Becker addressed issues such as the administration fees, special assessment administrative fee, audit costs, fire inspection fee, franchise fees for Comcast. He noted that this is the third and final third year of the three-year funding cycle with the county. We have spent all that was allocated to us in water and street improvement areas. Reimbursement requests will be going to the County to meet their April 30th deadline. For the New Year, the only money that would be coming in is that which is used for a portion of the Senior Citizens Director wage and salary.

Mr. Cross inquired about the length of the contract with the garbage company. He asked if this service is bid or do we stay with the same company?

Mr. Becker replied he believes the contract expires in 2004. The last couple of times, we were able to extend the contract at the same or lesser rate.

Mrs. Tinnin asked about the estimated cost of living regarding the rubbish issue.

Mr. Becker replied the cost of living in that contract is from March to March fiscal basis. At the time this budget was prepared we didn't have a full year in place. We were predicting 2.25%. We now have received CPI figures in through the month of March and the actual rate is 3.1%.

Mr. Becker said the expenditures include the personnel starting with the elected officials. The Salary Commission determined their rates, which were last changed in January. No further changes are scheduled until they meet again in the odd year. All union employees, by contract, would receive a 2% wage increase. This has been included in the budget. The union firemen will receive 2.36% increase. The non-union personnel that are found throughout the budget took a wage freeze. Some of the other items found throughout the budget would be the fringes attached to those personnel costs. A contractual item that was included for the unions and also affecting the other employees of the city is the additional 1% of the wages going into the retiree health fund. This will be discussed at a later session. The dental rates increased approximately 5%, which is the first increase in two years. We have been continuing to review the health insurance costs and Mr. Abbey has updated you on this on several occasions. We will be having another meeting in regards to the pharmaceutical aspect of our insurance. We will begin to address what the rate of increase will be with our health insurance effective July 1st. We have included a 15% factor in the fringe benefit line items for that anticipated increase. The pension costs are determined by MERS based on the actuarial report. They are included in the various budgets throughout. Because of the change of personnel with the retirements, we have new people and our payroll has been reduced. To maintain the MERS actuarial rate some of the contribution rates have increased but the payroll itself has decreased. Optical reimbursement, life insurance and disability insurance rates have all stayed the same with no increase. We are still hoping to get a new worker's comp rate, but it probably will not vary much one way or another.

Mr. Becker said some of the other cost savings coming from the Mayor include all non-union personnel to take a wage freeze and use all of their allocated vacation time, reviewing all conference and workshop requests, overtime usage in the departments and reviewing city vehicle usage. He is also enforcing all purchasing practices that are currently in place. There will be no new General Fund/police vehicles in this budget.

Mrs. Tinnin asked about the increase of the MERS pension for the police officers and how it would affect the employee. She inquired about the use of vacation time for the SEIU group and their contribution of their vacation time towards their pension. She commented that the SEIU group is going up considerably.

Mr. Becker replied there would be no employee match required. It is still on a blended rate between the newer group and older group of police officers still fall within that 29% cap. Their rates have gone up but still have not exceeded that number. Mr. Becker gave further details concerning the police pension. Mr. Becker said there are union contracts in place that do not expire until June of 2004. The Mayor has met several times with the unions describing the situation the city is in, but he can't force things that are contractually mandated. The concessions in previous years by the SEIU are still well within their limits without them having to take additional time or be faced with an employee match.

Mr. Bement inquired about the Council receiving full time benefits and only being part time. Has this always been done?

Mr. Becker explained that the Salary Commission identifies the Elected Official's salaries and Ordinance 68 C controls the fringe benefits. The fringe benefits of the Elected Officials have changed over the years and these have been in place for the past 10 or 15 years. They have gradually increased over time since the inception of Ordinance 68 C.

Mr. Cross commented that each time this ordinance is reviewed, there have been changes for the City Council.

Mrs. Tinnin said with the economic changes now occurring, when are we going to start capping the administrators amount that they are receiving towards their pension.

Mr. Wells inquired as to how much money would be saved with the administrators taking their vacations and not receiving a payout.

Mr. Becker said he believes it could be in the area of $60,000 to $70,000.

A lengthy discussion was held concerning the use of mandatory vacation days and how the workload would be covered, as well as providing continued service to the residents.

City Council:

Mr. Becker noted that the Council budget has increased by 1.3%. The contractual and conference and workshop, along with the supply line item has been reduced. We just received word concerning the liability coverage, which a large portion is under the Council budget. We were looking for a 10% increase and have found that the actual increase would be 10.5%. That is reflected in insurance that is charged to this department. A discussion was held concerning the liability insurance being charged to the Council.

Mrs. Tinnin inquired about the increase in the road department with the City taking on the county roads.

Mr. Becker replied he is uncertain at this time. This issue could be discussed when the road department budget is addressed in a future workshop.

Mayor:

The Mayor's budget has increased by 1.9%, with cuts in various line items. He reduced his office supply, conference and workshop and auto repair item. Mr. Abbey's time will be split the same as in the past until an evaluation can be done regarding the time spent in the other areas. He explained how Mr. Abbey's salary is funded. Ms. Moss' salary is spread on the same basis as Mr. Abbey's. Her fringes are less than the previous employee because of not taking health insurance, which results in a savings.

Mrs. Tinnin questioned miscellaneous and how the office supply items were charged.

Mr. Becker said anytime supplies are ordered, they are charged to the individual departments. Copy paper and items used in the mailroom is spread throughout the departments.

Assessor:

Mr. Becker said the Assessor's budget has an actual reduction of 2.8%. A new vehicle is being purchased under the current budget, but not in the coming year. This is a status quo budget.

Mr. Lowthian gave a brief report concerning the Growth Alliance. He said this is the last year of the City's commitment and the county is asking the Mayor and City Council for a new commitment.

Mr. Cross asked what we would get in return for our commitment.

Mr. Lowthian explained the benefits of committing to the Growth Alliance.

Mr. Brawner inquired about the increase in fringes for three employees.

Mr. Becker said the increase in fringes has to do with the change in personnel in that department.

Mrs. Tinnin inquired about the new vehicle for the Assessor's Department.

Mr. Lowthian explained that the vehicle is a Ford Taurus and that the total cost was $14,100.00.

Mr. Becker noted that the city recently disposed of 10 or 12 vehicles at the county auction. Discussion continued concerning this issue.

Elections/Clerk:

Mr. Becker commented that the election budget increased to 5.2%. There is supposed to be three elections held during this fiscal year. That is one of the reasons for the increase, as well as the new equipment. The overall cost of the voting devices went down so the contribution is also down. All other items remain the same.

Mrs. Webster mentioned that the Contractual amount has been cut by $4,000.00 for the QVF. She gave a brief update on the cost of the election equipment and noted that the County would pay the federal government. We hope to have the equipment by June 30th so it may be utilized in the August Primary.

Mr. Cross asked who fell under the fees per diem.

Mrs. Webster said the fees per diem covered the salaries of the election inspectors. Mrs. Webster noted that a Presidential Primary might not be held this year, which would save approximately $12,000 to $15,000.

Mr. Becker said the budget could be amended if there is not Presidential Primary.

Mr. Cross inquired about where the funds would be allocated. He was advised the funds would go into General Fund.

Mr. Becker said the Clerk's budget is status quo. There will be a wage freeze for the non-union personnel.

Controller:

Mr. Becker said the actual reduction for this department was $145.00. There was a reduction in conference and workshop and office equipment. There has been a change in personnel with the Senior Accounting Clerk and Deputy Controller. The fringe benefits have been reduced to the personnel change along with the mandatory vacation days.

Treasurer:

Mr. Becker said this department has had a 1.1% increase. There has been a change in personnel due to the retirement of the previous Deputy Treasurer. The office is running efficiently and with the new office surroundings, there has been a better morale amongst the employees. Office equipment, as well as conference and workshop have been reduced. Mr. Becker reviewed the tax program.

Parks & Recreation:

Mr. Becker noted that Mr. LaDuke was present if anyone had any questions. After reviewing what could be cut, we have an overall reduction of about 9% compared to the current year. A good part of the reduction was in maintenance and grounds. There is a new spread for Mr. LaDuke because of the additional duties given him. He reviewed the breakdown of Mr. LaDuke's salary between street department, parks and recreation and inspection. He spoke concerning the two areas of Parks and Recreation Commission line item and the Park & Recreation Project line item. The past couple years they have come before the Council in June to ask that those amounts be transferred into the Capital Improvement Budget so those amounts could be retained for future capital projects. We are hopeful to try to spend before the end of June, is getting that part of Munson paved that was approved by City Council.

Mr. LaDuke said the Parks and Recreation area is growing everyday. He said he met with the Parks Commission so they know that there are budget constraints. They don't want to make it so we weren't productive. We still had money in the budget for the programs such as youth softball and basketball. We would like to have this money transferred for the programs. We have the youth programs and now we need adult programs and get involved with the seniors. On Memorial weekend, there will be a girl's basketball game at Bentley. The CD dollars have to be spent in certain areas. We would like to install a playscape in the Davison Road area and would also like a regional park center.

Discussion was held concerning Davison Road Park, better maintenance by Genesee County for Davison Road Park, the blacktopping of Munson by Kelly Lake, a park being close to For-Mar Nature Preserve and who would be responsible should someone get injured at the park.

City Hall:

There is an actual reduction in the City Hall budget of 4.3% over the current budget. Mr. Becker reviewed the utility cost and indicated the cost was less than projected. City Hall expansion bond and interest payment is an item we will be faced with for the next 15 years. The salaries permanent has not changed and covers the full-time receptionist and floater positions. There was an increase for building insurance, janitorial service, maintenance and grounds. The construction phase is winding down with minor items to be addressed. We still have landscaping issues to be resolved and we need to enclose the mechanical equipment in the northeast corner. Also, further landscaping in the lower level and the front perimeter of the building. The project came in within the budget. We are hopeful there will be funds to turn back into the City, but we are not certain at this point how much.

Mr. Cross commented that the landscaping could eat up a great deal of the money that remains.

Mr. Becker noted that the City Hall sign that was damaged in an accident would be replaced. However, we are waiting disposition of who was at fault and we are pursuing this with the insurance company.

Mr. Cross inquired about the length of time left on the bond for the police/fire building.

Mr. Becker advised him the city is obligated until October of 2007.

Public Service:

Mr. Becker addressed the public service budget, stating that it has been reduced from $450,000.00 down to $394,000.00. These items are the ones that get reduced first when trying to balance the budget. He further discussed the drains-at-large. In regards to the street lighting, we are proposing a lesser amount this year. We are bound by the Public Service Commission and occasionally they will raise the rates. For the most part we are converted over to the more energy saving lights. We have cut this line item in hopes of not having an increase in rates. The cost for weed cutting for the city owned lots is not passed on. We usually do that with summer help rather than contracting it out. The allocation for the Memorial Day Parade received a lot of discussion. The new vehicles for police would also fall under this budget, but as previously stated, no new vehicles would be purchased.

Mr. Cross inquired about what was purchased under land acquisition.

Mr. Becker replied it was the building next to Fire Station No.2. It was leased to try and get some of the money back.

Mrs. Tinnin asked what would happen to that building, how long do we intend to lease?
Mr. Becker said the lease is one year renewable and the first expiration would be in late summer. Discussion continued regarding this issue. Mr. Becker indicated that the lease is very open-ended to the City's benefit.

Mr. Martinbianco inquired as to how long ago condemned housing was moved from public service to the building department. With the impending take over of the county major roads, would there any impact on the drains-at-large in the local street budget?

Mr. Becker replied it has been a couple of years, when the State of Michigan required us to isolate all of the building department activities. Mr. Becker said with the additional 40 miles of right-of-way, there is more of a chance that we would be charged. This issue will be addressed when the road budget session is held.

Mr. Martinbianco asked if the past Memorial Day Parades have come close to the respective budgets.

Mr. Becker gave a brief history of the cost of previous Memorial Day Parades, indicating there have been donations in the year 2002. We have a $5,000 commitment from Meijer's for the fireworks. He said it sounds like the location would be at the Police/Fire facility again this year.

A discussion was held concerning how the donations are obtained.

Mr. Becker reviewed the lineup for the agenda on April 30th at 3:00 P.M.

Adjournment at 4:52 P.M.

Cheryl M. Ladd, CMC
Deputy City Clerk

CML