CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
MAY 6, 2003, 3:00 P.M., COUNCIL CHAMBERS

Council President Larry Brawner called the Budget Workshop to order at 3:05 P.M.

MEMBERS PRESENT: Brawner, Centilli, Cross, Martinbianco, Tinnin and Wells.

MEMBERS ABSENT: Bement

OTHERS PRESENT: B. Becker, Treasurer/Controller; B. Whitman, Police Chief; D. Halstead, Fire Chief 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. Police
2. Fire
3. Self Insurance
4. Employee Health Care

PRESENTATION AND COUNCIL DISCUSSION:

Police Department Revenue:

Mr. Becker reviewed the Revenue concerning the Police Department budget. The Police fund represents a large part of the budget and this year it is approximately $400,000,000.00. The tax increases that were previously discussed were factored in the first three revenue sources. The district court fees are bringing in additional revenues. He reviewed the fee structure that has been discussed by the Mayor, Police Chief, Attorney and the District Judge. Mr. Becker indicated that over the past two months we have received revenues in the amount of $12,000.00 from the County. The Judge has fees that he thinks will generate additional monies in regards to fines and costs. The City Council took action last fall to increase the fees and we are still in the implementation phase. Mr. Becker noted that the Interest Earning Rates have a small impact on the police fund. He reviewed the personnel assigned to Courtland Center, DARE and FANG. The DDA is also going through their budget process and they are still proposing to subsidize the police fund with $15,000.00.

Mr. Becker commented that this budget is subsidized by over $3,000,000.00 of General Fund monies. It is a critical and large activity with much scrutiny. This budget is down about one-half of 1% from the current budget, or about $21,000.00. Mr. Becker reviewed the status of the police personnel. The fringes are always in a state of flux personnel wise. Some of the senior officers retire and then we have newer officers coming in at a lower rate. By attrition you will see a reduction in the wages and fringes. All other expenses remain status quo. Gas and oil reflects an increase due to the market place. Mr. Becker reviewed the lease expense for the police/fire facility that would continue until 2007. He spoke concerning the change in the 911 to 800 mgz radio system. The additional cost for the radio conversion for both the police and fire, will amount to over $200,000.00, evenly split between police and fire. This has not been put in the police and fire budgets. The other issue is there has been no allowance for new police vehicles. We recently received delivery of this year's four vehicles.

Mr. Brawner inquired about the hours of the officer that is assigned to Courtland Center. Also, discussion was held concerning the expense of outfitting the motorcycles.

Chief Whitman noted that it would cost approximately $1,000.00 to outfit the bikes and that an equipment grant would be used to do so. He indicated that the cycles are on site in the police garage and would unveil on Memorial Day.

Mrs. Tinnin inquired as to who had recommended that we have motorcycles.

Chief Whitman replied it was his recommendation. He said he has two experienced officers that would be riding the bikes and research would be done on whether these are worthwhile for the department to have. The bikes would be used for public relations now but the officers would not be taken away from their regular work schedules.

Mrs. Tinnin inquired about the various positions in the police department and asked who did the grant writing.

Chief Whitman reviewed the number of officers and indicated that he writes the grants for the equipment and that Officer Tom Needham wrote the remainder. He also noted that the department has a drug canine and another canine officer. He gave further details concerning this issue.

Mr. Brawner inquired whether or not the schools were charged for the canine unit once the training is complete. Discussion continued concerning this issue.

Mr. Martinbianco inquired about the use of the lockup at the police department.

Chief Whitman spoke concerning the use of the lockup and that it would be beneficial because many times the county turns people away due to overcrowding. The Chief continued to discuss the court fees, judgment fees, criminal diversion and the CAP program. He indicated that Judge Hughes has a plan that would take care of what the previous CAP program had.

Mr. Becker remarked that a number of items have been discussed such as lockup, additional fees, streamlining pre-trials, assignment of officers, etc. Many in-depth items were discussed.

Mr. Brawner said he has spoken with the Mayor and given his perspective in regards to part-time police officers.

Chief Whitman said he would include the use of part-time officers in the grant and would prefer to use them for the lockup area and at the counter. The officers are not in favor of having part-time officers.

Mr. Martinbianco asked how involved the Genesee County Sheriff's Department gets in offering a backup to our department, aside from the paramedics.

Chief Whitman explained that the paramedics are the ones that respond. He said the county patrol strength has weakened tremendously and we can't count on them for backup.

Mrs. Tinnin inquired about the position Bob Pauley holds in the police department.

Chief Whitman explained Bob Pauley's duties and gave an update on the status of several other officers.

Mr. Becker commented that Chief Whitman has successfully decreased the amount of overtime for his department. This is not an easy task because the department is not fully staffed at this time. He reviewed the insurance for the department.

A discussion was held concerning cell phones for the police department.

Fire Department:

Mr. Becker said the fire department budget is down by 1.6% from the current year or about $11,390.00. The expenses are very much status quo. Several line items that are reduced this year are the truck repair, conference and workshop and new equipment. The reduction is due to the budget restraints. We are involved with a union contract for the firemen and their particular increase is 2.6% for the seniority fire officers. This will be in effect July 1st of this year. It is difficult to predict the number of fires we might have. There has been no allowance put in the equipment line item for the radio conversion. Other than normal replacement of some of gear or equipment, nothing out of the ordinary has been put in this budget. The building and vehicle lease are included in the expenses.

Mr. Cross inquired about the status of the building next to Fire Station #2. He also inquired about the number of firemen for the three stations and the number of assistant chiefs.

Chief Halstead replied that it is currently being leased. He gave a brief history about the financial situation with the Ambulance Company filing bankruptcy. The Chief gave an update concerning the number of firefighters and noted that there would be eight firefighters graduating soon. He also gave the status of the fire vehicles.

Mr. Brawner asked where the money that comes in from the leased building is shown in the budget. He also asked if the building lease expense is for the square footage for the two offices and the secretarial space.

Mr. Becker replied it is in the General Fund Revenue under leased fees. Mr. Becker explained that when the building was built there was an analysis of square footage for the police and fire.

Mr. Martinbianco asked for a breakdown in Salaries Permanent. The Chief reviewed the salaries for the Council.

Mr. Cross asked when the union contract expires. He was informed it expires June 30th, 2004.

Mrs. Tinnin asked how Mr. Lacey's wages would be disbursed if he teaches a class.

Chief Halstead explained that if he teaches a class and is being paid for it, he takes a vacation day. Other than that he does it on his own time.

Mr. Martinbianco questioned whether the truck repair line item is realistic, given the age of the fleet.

Chief Halstead stated that he had to reduce his budget and tried to pick the heaviest line items for the reduction. He noted that he put in for a federal grant for the radios. The Chief gave further financial details concerning the new radios and towers. He noted that he is not in favor of changing over to the new radio system. The Chief praised his department for a job well done. He gave an update on the number of fire runs for March and April.

Mr. Brawner asked whether we receive assistance from other departments. He was advised that if we get a call to the high rise, Grand Blanc sends a ladder truck.

<u>Self Insurance:</u>

Mr. Becker stated that a meeting would be held with the representatives from Blue Cross-Blue Shield. We are looking at a 10% to 20% increase in health coverage. The renewal rates won't be given until sometime the first part of June. This is an internal service fund and is an independent fund, which also includes our retirees. Mr. Becker explained the expenditures of the Health Insurance Fund. We may be $50,000.00 under what our claims were last year. If we do renew with Blue Cross, we hope that the costs will be reasonable. Mr. Becker said the major problem is the prescription claims. The prior year we were at $110,000.00 and we are now at $165,000.00. Whatever savings we had on the health side is eroded by the prescription costs. Mr. Abbey and the Mayor have met with the prescription drug carrier, which was Claims Pro and is now PharmaCare. We are trying to urge the employees to use generic drugs when available. If we continue on the path we are currently on, the cost of a family health care plan would run close to $10,000.00 per year. This is getting to be a costly fringe benefit. There are higher co-pays that could be used. There could be a significant change in the health care when we begin our negotiations next year.

Mr. Wells asked if any research had been done in regards to the city merging with the county or Michigan Municipal League's health care coverage.

Mr. Becker gave some history regarding the health care coverage and how we came to the point we are at today. He noted that we haven't explored the possibility of going in with the County, but we have looked into the league rates. Discussion continued regarding the cost of the health care coverage and the prescription drugs. He spoke concerning the various options that may be offered to the employees and the use of generic drugs.

Mr. Brawner asked if we bid our health care coverage every year. He also inquired about the dental insurance out of this fund and the cost for an average family.

Mr. Becker replied that we generally do bid the health costs yearly. Delta Dental is not funded from this fund. It is in the fringe benefit line items of all the funds. We pay the premium and it goes directly to Delta Dental. Mr. Becker noted that the family rate is approximately $1,328.00 per year; 2 person rate is $834.00 per year and single rate is $341.00 per year.

Employee Health Care:

Mr. Becker explained that there would be a 5% increased contribution rate as of July 1st. The State Legislature created this fund. It allows us to create a fund and invest the monies at a much more aggressive rate than we would any other city monies and is comparable to pension funds. This fund could eventually fund retiree health care benefit. It was only because of state legislation that we created this fund. One of the pieces of that legislation is that this fund has to have an actuarial review at least once every five years. We haven't had that done yet, but will probably do so next year before going into contract negotiations. In the coming budget we are in the third year of this plan. Mr. Becker reviewed the fund balance as of June 30, 2004 and our investments in the stock market.

Mr. Becker explained that we currently have eight employees that are involved in the retiree health fund. He gave the statistics of those using the fund. Those retirees are generating that cost of insurance premiums of $40,000.00. The insurance premium that is expended goes to the self-insured fund to pay for that insurance. The city also contributes money to the health care from and is generated from the department that the person retires from. Mr. Becker gave further details regarding the paper trail for the health care.

Mr. Becker reviewed the items that would be discussed at the next meeting of May 7, 2003.

Meeting Adjourned at 4:45 P.M.

Cheryl M. Ladd, CMC
Deputy City Clerk

CML