CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
APRIL 27, 2010, 3:30 P.M., COUNCIL CHAMBERS
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The Council Workshop was called to order by President Steve Heffner at 3:35 p.m.

MEMBERS PRESENT: Martinbianco, Ellenburg, Heffner, Smith, Haskins and Wells.
MEMBERS ABSENT: Zelenko.
OTHERS PRESENT: K. Foster, Controller and J. Adams, Deputy City Clerk.

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED 2010-2011 CITY OF BURTON BUDGETS, AS FOLLOWS:

1. **City Hall**
2. **Assessor**
3. **Building**
4. **Zoning Board of Appeals**
5. **Planning**
6. **Capital Improvements**
7. **Rubbish**
8. **Community Development**

President Steve Heffner turned the Workshop over to Finance Chairman Tom Martinbianco.

Mr. Martinbianco introduced Josh Keasler, Account Executive with Rewards for Recycling. Mr. Keasler has a presentation and will explain their program, benefits and potential costs. He stated they would address Rubbish first on the agenda.

PRESENTATION:

Mr. Keasler said he would like to introduce Council to their program and put it on the table for future discussion. His company he represents is Rewards for Recycling, based in Davison, Michigan. Our primary focus is increasing community curbside recycling through partnering with local municipalities and businesses. We have in place a model to help accelerate participation in the communities recycling efforts. They give incentives for people to change their habit and life styles. Statistics show the average home owner generates one ton of recyclable solid waste a year. We took that concept and brought that to what we are doing now. We drive local traffic back to local businesses with our rewards program.

Mr. Keasler said he feels they are revolutionizing the way the garbage and waste hauling industry is looking at solid waste materials and how it is being diverted to landfills. We demonstrated in our test communities an approximate participation of 18% in the program. Within the first 90 days they were able to take the 18% and push it to above 60% participation. That is more people diverting mass from the landfills and sending it to the recycle centers. He understands there is a share model in place where we can share in the revenues from the recyclable materials that we are diverting from landfills. We are able to generate much more solid waste to go to those recyclable centers and in turn, hopefully, bring back revenue to the city.

COUNCIL DISCUSSION:

Mrs. Ellenburg asked Mr. Keasler if they would be working with what the City already has in place.

Mr. Keasler said they would work with any waste hauler in any community. They have patented technology in place to collect data. As the homeowners are participating in the recycling efforts, we have an RFID tag (radio frequency identification) that gets incorporated into the recycle bin. We have worked with Richfield waste hauler to collect our data for us. We have equipped their trucks with our equipment and they have been on the routes collecting the data for us. We have equipped our own hybrid vehicle for the future and we will be able to do our own data collection to where we won't have to partner with any particular waste hauler. We understand the city has contracts in place and we also have contracts in place. We would like the opportunity to come in and possibly partner with Waste Management or to collect our own data.

Mr. Smith asked what methodologies they use to increase participation beyond what is being done today.

Mr. Keasler responded it is a continual effort with education to the community and an extremely extensive marketing campaign. We do a mass mailing to introduce the whole community into our program. This includes step-by-step procedures of how to use the account that we have in place with the homeowner. It comes with their RFID tag and an individual number which is GO-coded to the homeowner's residence. Once that takes place, we do an extensive TV campaign. We have been on the FOX airwaves quite a bit in recent months. We like to bring as much of the media tools as we can to our efforts and show what we do to the community.

Mrs. Ellenburg asked if this would be a cost to the City.
Mr. Keasler replied yes. They put together a model to do their own data collection. At this time their pricing model would be $2.95 per household, per month.

Mr. Smith asked if the City would cover marketing and direct mail.
Mr. Keasler said we bare this burden. The $2.95 allows us to do the direct mailing, advertising and keeping our vehicles on the street collecting data and promoting our product.

Mr. Smith asked what type of benefits the homeowners receive for participating.
Mr. Keasler said they will return in the full annual premium to the homeowner in the initial mailing, coupons from local businesses. My commitment is to deliver back the initial premium for what the homeowners would be paying within our welcome mailing. As they participate in the program, residents exceed $500 to $600 a year in savings. You receive a free meal, substantial discounts in car services, local oil changes, and other things.

Mr. Smith asked if they have other municipalities on this program.
Mr. Keasler stated Grand Blanc Township Supervisor Mickey Hoffman, said to use his name. They are glad to have us as a part of their community. The Mundy Township Supervisor said they are happy to have us involved in the community.

Mrs. Ellenburg asked if they think Waste Management is workable.
Mr. Keasler responded yes. He indicated he would like further contact with them.

Rubbish Fund, Pg. 15

Mrs. Foster said Council approved at their last council meeting an extension where the price was to remain the same for 10 years. I budgeted for 10,970 stops next year. So far this year, I have not added one. That is the same number we are currently paying on.

Mr. Martinbianco asked if they have taken any off.
Mrs. Foster said no. There is really no mechanism in place. The only time I remove something is if I get notice of a demo, and I have not gotten any. Every July we review. I give the Treasurer's office my total count and then she works with the Assessor's office to add and remove. They let me know and I adjust my numbers to theirs every July. I think this year it will go down and that is why I didn't budget any more than what I have right now.

Mr. Smith said we just talked about the vacant property ordinance at the Council meeting. Can we use that to help keep track of the abandoned ones?

Mr. Martinbianco said we talked about that and just because it is abandoned doesn't mean it will necessarily show up on the list because it will still end up on a tax roll, whether it is on a delinquent tax statement or on a current tax statement.

Mrs. Foster said residents are billed for this every July as part of their tax bill. If it goes vacant during the year, that still will be part of the tax bill and it is not removed.

Mr. Haskins said Mrs. Heidenberger stated the only way that works fluently, is if the mortgage company actually registers them. If they don't, we have no clue. We have to rely on them to do their part as well.

Mr. Martinbianco asked if the fund balance was accurate, even with the projection this year of being $5,000 large. Mrs. Foster stated yes.

Mr. Martinbianco said at what point with a fund like this that number needs to be extracted. We had discussion before of how this is charged to the residents. First it was totally paid for like the street lights are by the City, and then it was 35 and then went to 68.

Mrs. Foster said we transferred out a large amount many years ago and this has accumulated since. This is a little high and I think it should be closer to $25,000. It really shouldn't show you are accumulating all this money. At the very beginning when the fund was created, General Fund transferred in a lot of money to get it started and that was just left there. Years went by and we ended up transferring out back when Mr. Becker was here, early in 2000. That money was transferred back to General Fund.

Mr. Smith asked if the fund is artificially high.

Mrs. Foster said revenues that come into this are from the fees that are put onto taxes for rubbish collection. What is put on taxes is exactly what we pay. The reason it got higher, it should be break even - $5,000 a year, plus or minus would be okay. Five to 7 years ago, mainly when the new houses were being built, when a new person came in after the tax bills were already generated in July,
we would invoice them for the remainder of the fiscal year on an accounts receivable invoice. That was something I had not been budgeted for all the new stops that we were getting throughout the year. Those at that time were not being added to what we were paying Waste Management. As a result, that extra revenue was just accumulating in here. If I were to add a stop, I immediately increase what I am paying Waste Management for that stop; there is no lag. That is how it got up that high.

Mr. Smith asked what is the actual cost to us for all those stops.
Mrs. Foster replied it is $139.44 per year. She pays Waste Management $1,529,650.
Mr. Martinbianco stated with the new contract, the amount is now $1,000 a quarter for recycling.

Mrs. Foster stated rubbish does not have its own bank account, it is part of General Fund. Each month we pro-rate the interest earned on the money they have to the Rubbish Fund, and that is what the interest income is.

Assessor, Pg. 24

Mrs. Foster stated this budget, when you compare the new fiscal year to the current fiscal year we are in, there is a decrease of 2.16% or $5,775. You will see a big change if you are comparing the Assessor's salary in the current line item from year to year. The Assessor is retiring April 30th. We weren't sure when I put this together how this is going to play out. We left some money in the Assessor's salary and increased the salary's permanent because the other personnel in that department would more than likely work additional overtime to compensate. If we know by June what is going on when this is part of my amendments, I will make changes here in switching things back around. There are funds here to replace the Assessor position and bring an additional clerical person into that office. Mrs. Foster stated further, she has been separating the legal. This is the first year she has budgeted for it now that she is getting a better feel of how much it is. The tax tribunal is the amount she is putting in here.

Mr. Martinbianco inquired regarding contractual services.
Mrs. Foster said last year she budgeted heavy because she wasn't sure if they were going to have to do any outside appraisals. We ended up not doing any that were real costly so I dropped it back down. If it ends up we have to, we will do a transfer. Most of these in contractual would be the filing fees at the tax tribunal and printing of the assessment change notices.

City Hall, Pg. 26

Mrs. Foster said the budget in the new year is a decrease of 13.14% or $54,650. There is the partial elimination of a clerical position in this budget. The City Hall expansion lease line is the bond payments. They won't expire till fiscal year ending June of 2020-2021, so that will be there for a while.

Mr. Martinbianco inquired concerning the utilities portion of City Hall grounds.
Mrs. Foster responded that is the AT & T local and long distance, sewer bills, Comcast bills, and Consumers Energy gas and electric.

Mr. Smith asked what the information technology supplies consist of.
Mrs. Foster responded that when the Information Technology fund was created 4 or 5 years ago, we went through and did a 3-year history. We researched every purchase related to IT, whether it was printer ribbons, contractual, or buying new software and equipment. We broke that down by department to get a total cost over 3 years. In General Fund, we came up with a number by department so I knew how much City Hall had purchased IT related purchases for a 3 year period, and we got an average. That is how we created the amount of revenue we were going to transfer out from all funds to the IT fund itself, to fund that department. It is an internal service fund that creates its own revenues by the services it provides, just like Motor Pool. The first 2 years of the IT fund we increased those transfers out from all those other funds to the IT fund. One year we did 5% and the next year 2 ½%. Ever since, I haven't been able to raise it at all because people just didn't have the money to. Mrs. Foster stated further, anything done that benefits this entire building, comes out of City Hall. This also includes server maintenance and server upgrades.

Mr. Smith said computers went down in price. For the dollar amount we are probably getting more now than what we were 3 years ago.

Mrs. Foster stated maintenance continues to go up such as maintenance agreements, maintenance on the software, hardware, and so on. We can get into that more when we go through the IT Department with Mark Udell. You will see an information technology line in every budget.

Mr. Smith asked Mrs. Foster when she did the research, is there so many years that she revisits it to see if it is still applicable.

Mrs. Foster said they haven't yet. It took a very long time to go through every invoice that we paid for a three-year period. We did it at the time to create the fund. If anything, we thought it would go up.

Mr. Smith asked in what year it was done.
Mrs. Foster replied that she believes it was 2004 or 2005 when the fund was created.

Mr. Smith said computers in 2005 cost about $2,600 and now would be about $1,000.
Mrs. Foster stated we depreciate hardware for three years. As quick as the technology is changing, you are needing to replace it.

Planning Commission, Pg. 28

Mrs. Foster said for the new year, the budget is a decrease of 77.14% or $36,525. The ZBA has a decrease of 73.85% or $33,825. The reason for the decrease is the elimination at this time of 45%

of the Deputy Planning official salary. He retired in February and at this time the position is not being replaced. We felt until things pick up, there was no point in quickly filling it.

Mrs. Foster stated further, there is staff on hand that is able to fill in and do some of these duties. If we get to the point where building picks back up, you will see a decrease in this nature to the building department. If they do pick up and we have to, we will come to Council for transfers to get the budget back in there.

Mr. Heffner asked what would be covered under contractual services.
Mrs. Foster said in Planning, there is an annual fee for the codification of ordinances on-line information. In looking at last year, there wasn't anything spent on contractual for ZBA. She put in extra this year just in case we have to do something contractual and not having a deputy planning official on staff.

Mr. Martinbianco made reference to the fact the meetings have been sporadic over the last year due to lack of agenda items.

Mrs. Ellenburg asked if they thought about doing a Planning meeting anyway for future discussion and ideas on the City. Mrs. Foster replied she believes they revisited the Master Plan in 2008.

<u>Capital Improvements, Pg. 19</u>

Mrs. Foster indicated this fund is comprised of monies that have been transferred into it for specific projects by other departments. It sits here until it is used for that purpose and when they spend money out of one of their projects, they designate that. Anything you see here for the next year is my estimate of left over monies in these different projects. Any interest that this bank account gets is allocated among all the projects that are in it. For the June 30th estimate if that isn't spent, the monies just carries over to the next year. You never lose those monies, they carry forward from year to year.

Discussion ensued concerning Parks projects. Mr. Heffner commented on $1,145 amount for the aquatic center. Mrs. Foster said it has been there for a long time. Mr. Martinbianco stated that donation was received from Genesee Ceramic Tile. Mrs. Foster said since it was designated for that purpose and it has to be accounted for that purpose.

Mr. Martinbianco inquired regarding library revenues. Mrs. Foster stated they must account for that within the Friends of the Library. We don't receive any of that money. Mrs. Ellenburg referenced the library expansion, property donated by Mr. Webb, parking lot and other future improvements.

<u>Community Development, Pg. 20</u>

Mrs. Foster said there is nothing in the budget column. As of last week, we didn't receive final word on what the approved projects are. We sign those contracts in May. We are waiting on income surveys from Clarice. She checked with the DPW staff and they hadn't received anything yet. Hopefully, by June she will have her numbers and amendments. Council approved what they were going to request. The estimated allocation was gravel street paving / sidewalks, Senior

Director salary, watermain and code enforcement salary. I just don't know what levels they have been approved.

<u>Building Department., Pg. 16</u>

Mrs. Foster stated this fund over the current approved budget for this year, for next year, is a decrease of 9.5% or $33,725. The Deputy Planning official was also budgeted 10% of his salary, which is not included in this budget. Mrs. Foster made reference to the new allocation of people and said that is part of the reason the admin went up. Council should have a copy of that.

Mr. Smith inquired regarding figures for condemned housing under expenditures and weed cutting. Mrs. Foster said our DPW personnel on a condemned house or board up, go out and write down the number of hours they are at the location boarding it up, the pieces of plywood used, the vehicles they have out there, and we get a total cost. We invoice that to the homeowner and that would come in on the revenue side. You will actually see a revenue for condemned housing and an expense. Both of those lines should be the same for the most part. You will have a discrepancy from time to time but for the most part they are pretty close to being the same, they are within the $5,000. We look at where we are up to December 31, 2009, and look at where we ended up. I look at three prior years when I come up with these numbers.

Mrs. Foster stated further, weed cutting is the high weed mowing done on private properties that we invoice out. So you will also see weed-cutting revenue. The weed cutting done on the side of the road would come out of roadside in Local and Major Streets. Mowing on City properties would come from public services.

Mrs. Foster commented briefly on the Rewards for Recycling through Republic that she has in Swartz Creek, Michigan.

Mr. Haskins said he would be late for the 3:00 p.m. budget workshops. Mrs. Zelenko is here at City Hall, but she is in a meeting with the City Attorney.

Meeting adjourned at 4:25 p.m.

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