CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
MAY 11, 2010, 3:00 P.M., COUNCIL CHAMBERS
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The Council Workshop was called to order by President Steve Heffner at 3:05 p.m.

MEMBERS PRESENT: Heffner, Ellenburg, Smith, Zelenko

MEMBERS ABSENT: Haskins, Wells and Martinbianco.
(Mr. Martibianco arrived as the meeting was being adjourned).

OTHERS PRESENT: K. Foster, Controller, G. Kray, DPW Director 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. Water
2. Sewer
3. Major Streets
4. Local Streets
5, Motor Pool
6. Inspection
7. Sewer Debt

PRESENTATION:

Water, Pg. 38 & 39

Mrs. Foster stated in this budget is an increase over this year's allocation of 8.14% or $284,825. We have been notified that on July 1, 2010, we will be getting an increase pass-thru from the County of 10.7%. I increased the revenue by 10.7% for the treatment and expense.

Mr. Smith asked for clarification as to the flow thru of money with regards to the water increase to the residents and then to the Drain Commission.

Mrs. Foster said a resolution was approved a few years ago where any pass thrus that the City of Burton receives from Genesee County is automatically passed onto our residents without having to come to Council for approval. We use to have to come before Council with all these increases to get them approved. A lot of them weren't approved and there was a big lag in the rates.

Mrs. Foster stated further, last year there was a huge discrepancy in the usage. We found out after we went through our budget workshops that one of the meters going out of the City was way off. All the numbers I projected was totally skewed because they were based on what we paid at that point. I had projected a huge deficit last year. There is actually going to be a small surplus for the new year.

Mr. Kray said we have seen the water usage since the repair of that meter back off to where they were 7 or 8 years ago.

Mr. Heffner inquired concerning the water tower.
Mr. Kray said Council approved the contract with Dixson Engineering at their meeting a few weeks ago. We decided to do nothing with the water tower. It doesn't need anything yet. There were a couple of small minor tweaks the Attorney put into the contract to protect the City's interest. Within the next week, we will be signing that contract. It has been up for 10 years, it is just time for an inspection cycle. It was not ready for a painting. The company we were looking at was interested in painting it whether it needed it or not, as a preventive maintenance. The firm we are using now is looking at it and they will tell us what needs to be done. It will be a major savings to the City to go this route instead.

Mr. Heffner inquired regarding the need to buy a mixer for the inside.
Dave Marshke, DPW Utilities Foreman, stated they haven't experienced any problems. As long as we control the water turn over at the tower we can alleviate having a mixer. That will save $40,000.

Mr. Kray said he spoke with Dave Marshke quite a bit about this before we decided to go this route. This firm will do the inspection and tell us what we need. They have optional services if we decide it needs painting. They would assist in drafting the painting contract to protect the City's interest. It is 10 years old and they feel it will not need more than a minor touch up here and there. Mr. Kray asked Mr. Marske if the life cycle of the paint is 15 years,

Mr. Marshke replied depending on the climate. The biggest concern now is the condition of the coating in the interior. We will drain it, inspect it and power wash it. That will tell us if the interior needs to be painted on the inside or recoated.

Mrs. Ellenburg asked what is done with the water in the water draining process.
Mr. Kray said the water is not wasted; it is put into the system. It just takes a long time to run down. When it gets to a low enough level the team will go in and inspect it.

Sewer, Pg. 36 & 37

Mrs. Foster indicated in this budget there is an increase of 9.18% over this year's allocation or $395,175. I was not notified of any increases. We had a big increase in mid 2009. I am still trying to get a feel for what the actuals are on the revenue side in this budget. There is one new revenue line which is interest due from Local Streets. We found out through our auditors, the transfers I was previously doing from General Fund to fund the bond payments for the Trail Ridge and now the Burton Estates, were all coming out of General Fund for the paving portion. We found out it is totally legal for those payments to come from Local Streets now. We are proposing that Local Streets borrow the money needed each year from Sewer and pay it back with interest over a longer period of time, in hopes to keep cost down these first few years. Maybe the market will come back and we will have an easier time selling those properties.

Mrs. Foster mentioned the low interest rate of .4% she was getting on CD's. In one of Elga's legacy savings she is now getting a 1.3%. Every June she will look at the average rate, then use that rate and Local would pay Sewer. Basically, it is a loss of interest earnings that sewer would have had on the money they loaned. The initial transfer I want to do from Sewer to Local. It will be a part of my year-end transfers I do in June. You will see another part of this in Local Streets too.

Major Street, Pg 22

Mrs. Foster stated on page 22 is revenue and expense recap. The expense details are on pages 34 and 35. The new budget is a decrease of 11.16% or $353,790. It is totally coming on the construction portion of the expenses. It would be the decrease in the construction monies remaining to be spent for unfinalized projects. Those budgets carry forward from year to year until we pay the final bill. One Federal project was 10 years later before I got a final bill on one of them. This year's allocation on that department is 1.2 million and next year is $831,000. The entire difference is due to that. The Major Street transfer, part of their MTF monies to Local. Five years ago they were giving them 25%. We reduced it when Major Street was having some difficulty because they were doing too much construction too quickly and our fund balance was being depleted. I reduced it to 15% but since Local is going to borrow money from Sewer, I am upping the transfer from Major to Local by 5%, so I am going to put it up to 20 and we will do that by resolution too.

Mr. Heffner asked about the resurface of some of the roads.

Mr. Kray said outside of the Davison Rd. project, the next two are bridge projects. Davison, Center, Genesee, and Center north of Court are a few. They are not yet designed. I don't know when we will get the dollars. It got pushed a couple of years because the local match money has been so tight.

Mrs. Foster said we only have a fund balance of $470,000. You can't go very far on that.

Mr. Heffner asked if Center Rd. from Court to Davison was 50/50 with Flint.
Mr. Kray responded no. All of our perimeter roads, we get the ACT 51 money for, so it is our responsibility. On the last leg of Center Rd., our portion was $150,000. I begged Flint to help us with half of that and they came through with $75,000. It was a neighborly action of Flint.

Mr. Heffner expressed it was a very good job done.

Motor Pool, Pg. 40 & 41

Mrs. Foster said this is pretty much status quo from this year. There is a decrease of .64% or $8,365. There is no scheduled equipment purchases for next year out of Motor Pool.

Engineering & Inspection, Pg. 29

Mrs. Foster stated this budget is a decrease of 14.84% or $19,150. There was 20% of a clerk typist position budgeted in the current year, and it is not there next year. That is the total difference.

Mrs. Foster indicated further, these monies are charged out to the jobs he is inspecting. In General Fund it is basically an in and out because those monies are being paid back to General Fund by sewer, water, roads or whatever projects the inspector is inspecting.

Mr. Heffner asked if we have lost some inspections.
Mrs. Foster said this is construction inspection. You will see that in Local and Major revenues, the right-of-way permit revenues.

Sewer Debt, Pg. 45

Mrs. Foster said the budget is zero. This is the old sewer debt millage that use to go on the taxes every year. It is no longer on the taxes. They did have a smaller fund balance left. The auditors would like us to leave this fund open for a while because when she gets the tax revolving fund from the County in June, she has charge backs for sewer debt millage. That way it can come out of this fund balance rather than come out of the sewer fund or somewhere. At some point the auditors will have me close it and those monies will go into sewer.

Mr. Smith inquired regarding dollars invested earning interest.
Mrs. Foster said it is in an account that is earning $75 this year, .4%. It doesn’t have a very big balance so it is not going to earn a lot of interest. But it is in an interest bearing account.

Meeting adjourned at 3:27 p.m.

jra