CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
MAY 13, 2002, 5:00 P.M., COUNCIL CHAMBERS

THE COUNCIL WORKSHOP WAS CALLED TO ORDER BY PRESIDENT LARRY BRAWNER AT 5:05 P.M.

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

MEMBERS ABSENT: Wells.

OTHERS PRESENT: B. Becker, Treasurer/Controller; J. Major, DPW Director and G. Webster, City Clerk.

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED 2002-2003 CITY OF BURTON BUDGETS, AS FOLLOWS:

1. Capital Improvement
2. Rubbish
3. Community Development
4. Self Insurance
5. Employee Health Care

PRESENTATION AND DISCUSSION:

Mr. Becker said that the City was anticipating another large state shared revenue cut. He will keep Council informed as information becomes available.

Mr. Becker provided CAP information to the Council. This information would be discussed at a later date.

Capital Improvements, Page 18

Mr. Becker reviewed the expenditure side of this of this budget. EDC money was set-aside in the budget for promotional pamphlets. This project wasn't done. The line item has gradually grown with some interest. There are no plans to utilize these funds.

The remaining Voter Equipment money will probably be spent in the upcoming budget when the City buys new equipment. However, we are hopeful grant money will be available for the new equipment purchase.

Park Project funds were transferred to this budget last year. Most of this money will be spent by the end of the year, due to ongoing commitments.

Other topics discussed included the Fire Truck Lease, the Center Road Corridor Study and Computer System Improvements. Mr. Becker predicated that most of these funds would be spent by the end of this year fiscal year.

The $10,000 set aside for data retrieval software will be returned to the General Fund.

Mr. Martinbianco asked if we should refund the pamphlet money. He suggested we contact the companies involved to determine if we could use the money for other public service issues.

Mr. Becker will contact Mr. Lowthian to see if they want to redirect the money to the Chamber of Commerce or come up with a project that would be acceptable to the other businesses.

Mr. Tinnin asked for clarification on the fire department lease payment.

Mr. Becker indicated that the truck lease comes out of the fire department budget. We have a five-year lease on the two fire trucks that were purchased. This is the third year of the five year contract.

A brief discussion continued on capital improvement expenditures.

Rubbish Collection, Page 15

Mr. Becker said the long-term rubbish contract would expire June 30, 2004 or 05. In the last couple of years we have had a freeze in that particular cost. Therefore, there was no increase in the current year for rubbish collection. In the upcoming 2002 year, the contract provides that we will pay ½ of the cost of living from the previous year up to a cap of 4%. The budget was prepared based on what he thought the consumer price index (CPI) would be. He predicted a .37% increase due to the CPI. He thought the garbage collection cost would go up 1/3 of 1%. The actual CPI will reflect a 1 ½ % increase. We will be getting billed for ¾ of 1% for the coming year, therefore we had to modify a couple of line items to reflect this firm number. On revenue side the interest income will change to $5,000.00, on the expenditure side the garbage collection will be change to $1,279,030.00. The impact on the deficit on the revenue side will be changed to $92,380.00. The revised number for the Projected fund balance would be $11,943.00. Essentially this increase will amount to $.90. The rate would go from $121.73 to $122.63 per stop. We are suggesting, even with the proposed transfer of $90,000 back to general fund, this fund could absorb that $.90 increase, which would amount to approximately $9,500.00 to this fund for this particular year. The Mayor was hopeful to be able to with stand passing any increases on for the next year. Next year we will have to pay the cost of living up to a cap of 4%. We propose on absorbing the increases for the current year, returning the subsidized $90,000 back to the general fund and being able to evaluate the status of this fund next year. We currently have March 1, 2002 we have 10,345 were projecting the number at June 30, 2002 to be 10,380 and we predict the number of stops at June 30, 2003 to 10,480.

Mr. Becker said we are out of the leaf bag business. The budget will reflect the residual sale of the remaining bags. No new bags were ordered.

Mr. Cross asked if any of the bags are left in DPW.

Mr. Major said there are no more leaf bags to sell. They were gone by the middle of the fall season.

Mr. LaDuke said the remaining leaf bags sold like hot cakes. They are still in demand.

Mrs. Tinnin wanted how much of the rubbish fund was subsidized by general fund dollars.

Mr. Becker said those amounts were listed at the bottom of page 15.

A brief discussion was held in reference to the general fund dollars that were transferred to the rubbish fund.

Mr. Martinbianco said understood that we may run into a situation where we may eventually have to make a general transfer. the problem he had with depleting the fund balance is that next year if were going up to the full amount in stead of half the amount of the CPI, we good be estimating a 2% or higher increase. We might have to pass on as much as $2.00-$3.00 a stop to accommodate current and future increases. This might total another $32,000 next year that might have to be subsidized.
His objective is to whittle it down so at the end of the contract, the people are only paying for exactly what services they received.

Mr. Becker said recapturing the $90,000 would help balance the cuts in state shared revenue.

Mrs. Tinnin asked for clarification on the $90,000.00 transfer.

If the transfer wasn't made, Mr. Becker said we would have to reevaluate the general fund to determine where we could come up with the additional $90,000.

A brief discussion continued in reference to the proposed $90,000 general fund transfer.

Community Development, Page 19

Mr. Becker said the Community Development funds are allocated on a three-year rotation basis. Most of the funds that are reflected in the upcoming budget were assigned to us approximately a year ago. We are doing our best to spend those allocations as fast as we can do to set timelines. He referred to the Southend waterline improvement under expenditures. Our water department continues to do those projects. We have a balance of $74,000.00 in that line item. Currently, the water department has been doing water line replacements and extensions in the south end. All of the money will be used depending on how fast they complete those projects. Ditching improvements funds have been spent completely. The Senior Citizen allocation is the only item that is spread equally over the three-year period. The $25,000 allocation will subsidize the senior directors wages and fringes. Fire Equipment has $8,400 left. He did some exhaust system improvements to the trucks at Station No. 1. He has since got approval from the county to spend the remaining amount on pagers. Parks and Recreation funds are being used to complete the skate park. That allocation will be spent completely by the end of this June. The only funds coming into this budget this year will be to cover the Senior Citizen director salary.

If those communities do not spend the allocated CD funds within the designated time period, the County will recapture the funds and redistribute them. Mr. LaDuke indicated that the City of Burton has applied for some of those unspent funds.

Self Insurance Fund, Page 41

We are meeting with the people form the health insurance company at the end of the month. They don't provide us with a renewal rate until we have eleven months of this current year of experience completed. The experience for this fiscal year has been very good compared to the last couple of years. He does think we will have any one claim that will surpass the exceeded cap. He is hopeful that our increase will only be about 8½ %. This fund generates funds from all of our other funds very similar to the motor pool fund. He clarified aspects of health and prescription claims. The personnel department has negotiated higher co-pays in the prescription area in attempts to try to at least flatten that expense out. If the insurance cost has increased beyond the predicted amount, adjustments will need to be made in all the budgets. We will be getting renewal quotes from our existing company as well as others. This information should be available by early June.

A brief discussion was held in reference to the self insurance fund.

Employee Health Care Fund, Page 17

This is a newly formed fund, which was a by-product of the union negotiations. Last year all union members contributed a percentage of their wages to this fund. The first year we built a balance of $135,000 in that fund. We now have three or four retirees eligible for this coverage. We are expecting another $136,000 surplus for the current year. We projected one or two more people will be retiring in the next fiscal year. Next year there will be a surplus of $151,000, giving a fund balance of $423, 562. In five years, this fund will be actuarially evaluated. The state requires this be done every five years to let us know how fully funded this account is at that time. With the low number of people receiving this benefit, the fund balance should continue to grow.

General Information

Mr. Becker said the next scheduled budget session was set for May 21, 2002 at 3:00 p.m. He indicated that two departments were accidentally omitted from the budget. He would like to add Local Streets and Sewer Debt Millage to the next budget agenda. This agenda is all public works related.

He planned to have his budget amendments available for Council on May 22, 2002.

MEETING ADJOURNED AT 6:00 P.M.