CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
APRIL 25, 2001, 3:00 P.M., COUNCIL CHAMBERS

The Council Budget Workshop was called to order by Bob Centilli, Council President, at 3:00 P.M.

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

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor Charles Smiley; B. Becker, Treasurer/Controller; J. Major, DPW Director; G. Webster, Clerk; R. LaDuke, Assistant DPW Director; C. Ladd, Deputy Clerk.

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE CITY OF BURTON PROPOSED BUDGET FOR THE YEAR 2001-2002 / GENERAL FUND PRELIMINARY OVERVIEW.

1. Revenues
2. Council
3. Mayor
4. Clerk
5. Treasurer
6. Building
7. Public Service
8. Parks & Recreation
9. City Hall
10. Planning Commission
11. ZBA

PRESENTATION:

Mr. Major informed the Council that there is a quarterly meeting of the Fair Housing Plan that will be held in Davison. If anyone is interested in attending this meeting, they must be notified prior to 5:00 P.M. today. He said he would be attending and would bring back the information to the Council.

Mr. Becker gave an overview of the budgets from the above listed departments. He said the Assessor and Senior Citizen Director's budgets would be heard at the May 2nd session. Mr. Becker said he might get more detailed in his opening statement this year, due to the new Council Members. He said the budget process is defined in the City Charter and the State Law. The budget must be adopted before July 1st and he would like to have the budget process completed so it could be adopted at the first meeting in June, but no later than the second meeting in June. Mr. Lowthian will be holding a Truth and Taxation public hearing in June, after he receives the necessary information from the County.

Mr. Becker explained that most of the budgets are adopted on a departmental basis and the departmental total is what is authorized by the City Council. He said there might be times when the predictions are not accurate but if the department head is given the flexibility within the overall budget that usually is sufficient. He said at the Audit held in January, he talked about the letter from the State Treasurer's Department, which concerned the modification of the State Budget Act. Our budget is about half the size it has been in the past. The State says we only have to have budgets for our General Fund and our Special Revenue Funds. All other funds do not require budget as far as the State is concerned. The Special Revenues are the Police, Major and Local Street Funds, our Rubbish Fund and a couple other funds. The funds that have been eliminated water, sewer, motor pool fund and 80 or so Special Assessments Debt Retirement Funds are not required to have budgets. Mr. Becker continued with further explanation regarding the various funds.

Mr. Becker commented that this year's budget process was rather unique due to the fact that the census figures were not available prior to putting the budget together. He said that this is the first time in 30 years that the City has had an increase in population, which has a dramatic impact on the City.

Mr. Becker said there is more updated information on the taxes and there may be amendments made to the budget. He said some of the budgets may have a shortfall and if so, he would be asking for a transfer to cover the budget in June. Some of the budgets were under spent, such as Park and Rec and the Fire Department. The money that is not spent by June 30th , in General Fund, will go into General Fund – Fund Balance, unless they are somehow transferred out into Capital Improvement and identified and secured for that purpose for next year. You will see several budgets, where the Department Head will want to tie up their unspent budgets from this year and carry it over into their budgets for next year. This has been a common practice in the past. Mr. Becker spoke about the consistencies in the budget such as the property taxes, which affects the General Fund –Millages. There is a police millage, sewer debt millage and once the DDA completes their budget, they also have a small millage. The taxable value in the City can only increase by the Consumer Price Index, which was 3.2%. If the City did nothing, in regards to construction, the most that the taxable value could have gone up was 3.2%. However, because of the new construction in the City, our increase in taxable value went up 7.2%. The other item that is consistent in the budget is salaries and fringes. We have incorporated in all of the budgets, a 2.5% increase in salaries as defined and adopted in the union contracts. There will be an additional resolution and Ordinance 68-C adoption for the 2.5% increase for the non-union personnel. The only union group that has a contract that expires June 30th is the Fire Department. The fringe benefits have continued on as stipulated in the union contracts. We won't get information on our health insurance for about another month. The last contracts consist of setting money aside for health insurance for retirees. We have created a fund and this is also incorporated into the fringe benefit costs. We are putting 4% of everybody's wages into the retirees health insurance fund. This has been negotiated and is in the contracts and in the budget.

COUNCIL DISCUSSION:

Mrs. Tinnin asked how much money has been spent from the $100,000.00 that was set aside for the Parks and Recreation budget?

Mr. Becker replied that $0.00 have been spent at this time.

Mr. Bement asked if the money could automatically be carried over from one year to the next.

Mr. Becker replied no, that the Council has to take action when money is carried over from one year to the next.

Mr. Brawner asked if more money is being added to the budget now that the census figures are in and we now know that we will have more money to work with? He also asked if there would be an increase in employees in any of the departments.

Mr. Becker replied that the Mayor is in the process of changing some figures at this time. He said one of the topics is the City Hall expansion. Mr. Becker also noted that there might be a full-time computer tech, a laborer in the Sewer Department and also possible positions in the Street Department due to pending retirements.

<u>GENERAL FUND REVENUES:</u>

Mr. Becker explained the General Fund Revenues. He said the total of our real and personal taxes total $570,000,215.00. The taxable value on your homes went up 3.2% and assessed value represents 50% of the market value on the houses, which is much larger than the taxable value. The assessed value went up as much as 10%. Mr. Becker explained the affects of Proposal A to the taxes. We have several pending tax appeals on personal property customers. He said the Tax Tribunal has changed some of their appreciation tables and the personal property should appreciate much quicker than what it previously did.

Mr. Becker commented that there are dramatic changes in permits and fees. He said the State of Michigan required us to separate the Building Department from the General Fund, so we created a separate fund this year. Some of the other line items in the Building Fund is permits and fees, condemned housing, weed cutting and inspection fees.

One of the major changes in this budget is the $80,000.00. The transfer station at the corner of Maple and Dort Highway, is planning to close in June. The City had received a $50,000.00 per year over site fee from that location and that money primarily funded the wages and fringes of the Deputy Fire Chief. With them leaving and taking their over site fee with them, we are essentially losing $50,000 of revenue. In the Fire Department budget, there is a new set of fire inspection fees, not to be confused with cost recovery fees. They will try to re-establish the lost revenue that we will incur from the transfer station being closed. This will be discussed in more detail when the fire department budget is addressed next week.

Mr. Becker said the State Shared Revenue is distributed to the City from the State, primarily sales and income tax. One of the primary factors in their formula is population. The Census number itself is going to be retroactive to October 1, 2000, that is the beginning fiscal year date of the State of Michigan. Under the old census numbers, the State Shared Revenue was $3,167,104.00 and with our new census figures, we will receive an additional $217,750.00. This would represent dollars back to October. The State plans to distribute these to us in June or August. The new figure is $3,423,392.00. We will receive additional revenues of $569,000.00. This money will be utilized in different ways throughout the various budgets.

Mr. Becker gave a brief overview of the Administrative Fees for tax collection, Interest Income, Sale of Equipment and Land and Franchise Fees.

Mr. Cross said now that there is a steady increase from Comcast, when can we ask for an update?

Mr. Becker said one of the amendments he is planning to add is to increase the Franchise Fee amount from $260,000 to $270,000. He said he knows they raise the rates every year, but he didn’t know what it would be until recently when we learned it will increase by 5%.

Mr. Brawner asked if he 5% is negotiable or a long term contract.

Mr. Major said we are maxed out at that number and our contract expires either in 2004 or 2013, depending on how you read the language. The reason for the discrepancy in the expiration date is because it is a number year period. We will have Mr. Hamilton review the contract to determine the correct date.

Mr. Cross asked if there is any way that the City could get revenue off the satellite dishes.

Mr. Becker replied he isn’t aware of any way to get revenues from the private ones. Discussion continued regarding this issue.

Mrs. Tinnin asked if Comcast would lower their rates to our community if we didn’t collect a franchise fee.

Mr. Becker replied that Comcast identifies us as being a contributor to their rate.

Mr. Major said they occupy and destroy our public right-of-ways. He said they should pay the cost of occupying the right-of-way.

Further discussion continued regarding franchise fees.

Mr. Becker said there is a new line item for Lease Fees. These are for the two towers located on City property. He said the number needs to be adjusted from $14,400 to $26,400, when we receive full payment from both towers. Discussion was held concerning the cell towers.

Mr. Becker briefly reviewed the transfer from the Rubbish Fund and said he would be addressing this issue at a later budget session.

Mr. Becker said the $25,000 in Community Development is a subsidiary toward the Senior Citizen Director's salary and fringes.

The Memorial Day donations is money raised in addition to what the Council has set aside for the Memorial Day festivities. Mr. Becker said that we have other miscellaneous revenues that have been received.

Mrs. Tinnin inquired about which funds reflect the fees collected for marriages and FOIA fees.

Mr. Becker said marriages are under the Public Relations Committee, which was established some time ago. The FOIA fees are under copy fees unless there is labor incurred and then that amount would go back to the department where the labor was incurred.

BUILDING DEPARTMENT:

Mr. Becker said this fund was created at the request of the State of Michigan. On the revenue side there are permits and fees, which are exclusively building permits. We are currently higher in building permits than previously expected. This includes residential and commercial. Condemned housing and weed cutting are services that the Building Department monitors and they are both billed back to the property owners.

Mr. Major explained the soil erosion program.

Mr. Becker said this activity is still subsidized thru money from General Fund. This has been a good development year, but it will still have to be subsidized by $68,000.

Mr. Major explained that Burton's building permit fees are mid-line amounts. He said the number of permits have increased by about 40 and are ahead of last year. Mr. Major said there would be no additional personnel added but he would like to fill the position of the second building inspector.

Mr. Becker explained how the salaries are spread throughout the department.

A brief discussion was held concerning the position of Sergeant in the police department if Sgt. Udell is hired as the computer technician.

PLANNING AND ZONING:

Mr. Becker stated that this budget is status quo. He said the Clerk's Office overtime for meetings is charged to this budget. Tom Strasser's wages are split 50-50 between Planning and Zoning.

Mr. Martinbianco inquired whether the members attend conferences and workshops.

Mr. Major said they have attended some, but they pick and choose which ones they attend.

Mr. Bement asked if the employees are encouraged to attend classes. He was advised yes.

CLERK'S & ELECTION DEPARTMENT:

Mrs. Webster distributed her budget memo to the Council. She said her budget is status quo with the exception that there has been a slight increase in overtime due to the heavier workload. She said there have been 57 FOIA requests and 187 items were requested since January. These are very time consuming for the office.

Mrs. Webster said the Election Department is also status quo, with a slight increase in overtime. With our staff being small, we have a difficult time meeting mandated requirements with the QVF Voter System. She gave a brief overview of what is mandated by the State. It is necessary for the staff to attend classes for updates on this system. There has been an increase in voter registration and it is sometimes difficult to keep this up-to-date because of staff shortage. Mrs. Webster commented that although there is a floater position available, she has not been available to work in our office as often as needed due to a variety of reasons. She gave a brief history of the contractual employee position she previously had in her budget. She said she would like to have the contractual employee added back into her budget to accommodate the voter file and upcoming elections. She is asking for $5,000.00 to pay for the contractual employee. Mrs. Webster said that the County is looking into purchasing new voting equipment, and they are planning to do so within the next fiscal year. She explained how this would be paid for through the bonding process at the County.

Mr. Brawner asked if Mrs. Webster still wanted to keep half of the floater position in her budget. He also asked where the funds were coming from to pay for the contractual employee at the present time.

Mrs. Webster replied that she would still like to have half of the floater position and that the funds are currently coming from the election budget and other areas.

Mr. Brawner commented that the $5,000 might not take care of what is needed. He suggested adding $7,500 at a minimum.

Further discussion continued concerning the contractual position.

Mr. Becker said that basically the only two departments that share the floater position is the Treasurer and Clerk. If there would be sick leaves in other departments, the floater could be utilized there also.

Mrs. Tinnin said she thinks it is important to have the Clerk’s Office function to the top of its peak. She agrees with Mr. Brawner’s suggestion of $7,500.00.

Mr. Cross said this could be added during the budget review.

PARKS AND RECREATION:

Mr. LaDuke gave a brief overview of the projects planned by the Parks and Recreation. He said they would be using the school’s facilities, but Parks and Rec would provide the necessary supplies. He said there are many Burton kids in the youth basketball league from 3rd grade to 12th grade. Mr. LaDuke said $10,000 has been earmarked for the tree grant, which is a matching grant. He said there would be a dedication ceremony held on May 23, 2001 at Fire Station #2 for the park. He said the Committee would be giving money for a regional park for the City.

Mr. Becker said in the current year $60,000 budget, they have only spent $15,000-$20,000. If this isn’t all spent before July 1st, it will go into Capital Improvements.

Mr. LaDuke said he would like to have any unspent money transferred back to Capital Improvements for Parks and Rec. He said he would be asking Council for a transfer in June.

INSPECTION SUPERINTENDENT:

Mr. Becker said the Inspection Superintendent could be discussed when the Public Works is reviewed, as this has no impact on the General Fund.

MAYOR'S DEPARTMENT:

Mr. Becker said the Mayor's Department is status quo, with the existing personnel. He said with the Conference and Workshop, some of the Mayor's travel expenses are incurred by MML until August of 2001.

CITY COUNCIL:

Mr. Becker explained the audit costs. He said the Membership and Dues pays for MML and National League of Cities. The conference and workshops have $15,000 as in the current year. The insurance for Liability and Umbrella Coverage is through MML. He said the renewal rates haven't been received yet, but he added a 3% increase. The costs for fleets are found throughout other areas of the budget. To publish the council meeting minutes, the line item would have to be increased dramatically. He said 1/8 of a page runs $500.00 for a one-time publication. One of the long-range things would be to expand the web page.

Discussion was held regarding the use of the web page for meeting minutes.

TREASURER'S/CONTROLLER'S DEPARTMENT:

Mr. Becker said there are no changes in the Controller's Department. He is proposing a $245,000 budget and currently it is $247,000. He said the accounting software was changed and is working very well. Mr. Becker said no changes are being made in the Treasurer's Department. An explanation was given as to how the wages are charged out in the department. He said a large part of their time is spent dealing with tax inquiries. He noted that Oakland County has this information on their web site, and this would cut down on the office workload. He said the amount of phone calls received on a daily basis is very high and creates a problem with a two person staff.

CITY HALL:

Mr. Becker said the receptionist, floater and maintenance man from Rick Riess' Department are charged to the City Hall Budget. The new equipment involves getting a new sign out front and purchasing chairs. He said this budget was created when we thought the City Hall expansion would not be done. He said all other items are self-explanatory. There will be a few computer enhancements done on the computer system server. The City Hall expansion is back on track after the Census count. The yearly payment will be about a $150,000.00. There is a plan to expand the DPW and roll this into the same bond issue.

PUBLIC SERVICE:

Mr. Becker stated that this is a department without a department head and administrator. He explained that this department consists of drains-at-large, street lighting, weed cutting, lawn mowing, Memorial Day Parade Activities, Tree Lighting and cleaning of City buildings, and miscellaneous expenses. He said the Mayor wants to expand the drain improvements.

Meeting Adjourned at 5:35 P.M.

Cheryl M. Ladd, CMC
Deputy City Clerk

CML