CITY OF BURTON
COUNCIL WORKSHOP MINUTES
MAY 24, 2007, 3:30 P.M., COUNCIL CHAMBERS
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The Council Workshop is called to order by Finance Chairman Ralph LaDuke at 3:30 P.M.

MEMBERS PRESENT: Wells, Major, Tinnin, LaDuke and Cross.
MEMBERS ABSENT: Isham and Conley.
OTHERS PRESENT: K. Foster, Controller, G. Kray, DPW Director, J. Johnson, Sr. Citizen Director, and J. Adams, Deputy City Clerk.

PURPOSE OF THE MEETING: **FINAL BUDGET AMENDMENTS**

Mr. LaDuke stated Mrs. Johnson was not able to attend the workshop. She will give a brief presentation.

PRESENTATION:

Mrs. Johnson acknowledged the Senior Center received a grant. The capital improvement money of $30,000 they were approved for was not over and above the initial grant.

Mrs. Johnson expressed that the outreach program is reaching everyone and in the last 45 days the response has been tremendous.

Mrs. Johnson addressed some vital statistics on senior citizens: Currently, citizens in the United States 65 years of age and older are more than the entire K through 12 school population. There are more people in America over the age of 85 than there are teens. By 2010, the average life expectancy will be 94 for females and 83 for males. There will be more than 35 million seniors in the U.S. by 2030. The National League of Cities survey showed that city officials are more concerned of the increase in elderly than they were other demographic changes such as rapid growth, immigration and increase in school population.

The United States and Michigan's financial troubles have led to a huge decrease in Medicaid and Medicare services and it is projected to continue to go downward, while at the same time the need is greatly increasing. The amount of people coming into the Centers are in dire financial situations. They see people on a daily basis that are in situations that threaten their well being. The costs of prescription drugs are increasing at a higher rate than gasoline.

Mrs. Foster stated with the influx of the millage money, she had to create a new fund for the Senior Citizen Center. She will be doing that in this fiscal year and transferring all the revenues and expenses that are applicable into this new fund. She has to track the millage expenses separately and expenses that come out of the City of Burton money. There is a line for each item. Any of the millage money that is unspent this fiscal year will be carried forward into the next fiscal year. The millage money is on a year ending September 30th, where our fiscal year ends on June 30th.

COUNCIL DISCUSSION:

Mr. LaDuke asked if the Center's total budget is still proposed at $211,900.
Mrs. Foster replied that amount plus any carryforwards that she has for the millage.

Mr. LaDuke asked if the budget includes an assistant.
Mrs. Johnson said it is going to be a clerical position and it is included in the $211,900.

Mr. LaDuke asked if the contribution to the General Fund will decrease because of the millage. He shows currently a contribution from the General Fund of $174,000, and on the 2nd sheet a contribution from the General Fund of $118,000.

Mrs. Foster said a lot of contingency deficit is what she is expecting to carryforward on the millage, which the combination reduced the contribution from General Fund.

Mr. LaDuke asked if the budget reflects money going towards other areas other than the Center.
Mr. Cross said the resolution to the County they rescinded but we did not. To his understanding we were not going to touch it, and it is a working resolution.

Mrs. Johnson stated she hopes they leave her fully funded this year. If she can remain with the millage money plus what was originally intended, we are going to be able to do a lot.
She has in the grant a small van bus similar to the one at Lockwood. It is very needed. With the current van, the seat belts trip people up and it is not conducive. We don't have a lift so we cannot pick up anybody that cannot walk upstairs. Transportation is a huge issue on senior services.

Mr. Cross inquired concerning a larger size bus.
Mrs. Johnson said licensing and insurance requirements is the drawback to having a larger bus. Brief discussion ensued regarding uses of the van.

Mrs. Tinnin inquired as to the clerical position being contractual or city employee.
Mrs. Johnson said she feels the position should be an AFSCME clerical position. She addressed further the responsibilities of the job.

Mr. Cross inquired regarding new equipment for $400.00.
Mrs. Johnson said this is for various miscellaneous items.

Mr. LaDuke said Mr. Kray forgot to mention in his presentation the need for 2 replacement pick-ups. One is replacing a 1986 and also a 1987. It is something we need to consider for amendments under capital improvements. Mr. LaDuke passed out to Council his ideas on amendments.

Mr. Wells inquired to Mr. LaDuke the Council benefits he wants to eliminate.
Mr. LaDuke replied pension, and health care would be capped at $2,000. The most you can get is $2,000 and if you want health care you can pay the rest of it.

Mr. Wells said if you are eliminating that benefit why would you get the $2,000 in lieu of it. He thinks this is what we should look at. Mr. Wells also expressed having the Salary Commission look into this. He inquired further as to reducing the Mayor's pension.

Mr. LaDuke responded by asking what elected official gets 40% of their pay put into their pension.

Mr. Wells spoke of concerns of this being driven out of political reasons.
Mr. LaDuke expressed he has always thought Council should never have benefits. He also asked why a part time employee should receive a pension.

Mr. Wells said he has brought this to the plate every year and it gets voted down. Mr. Wells said he would vote to eliminate benefits and also to take away the $2,000.

Mrs. Tinnin said she does not have a problem with funding the Purchasing Agent solely out of the Controller's Office as it was always done that way. Mrs. Tinnin asked for clarification to eliminate the DPW Director's position.

Mr. LaDuke said Mr. Kray would stay in his position as DPW Director but we would have one and not two. Mrs. Tinnin said money is in the budget for a Director and assistant.

Mr. LaDuke said we lost a technician that wasn't put back in the budget. So the proposal is to put the technician position back in the budget. We have a code enforcement officer and two building inspectors. One building inspector we do not have enough work for so they moved him out into the motor pool. They took a certified individual and put him in the motor pool. My suggestion is to eliminate the code position and let the certified building inspector be dual and do building inspections when he is out plus he can do code enforcement, and still maintain the code enforcement.

Mr. LaDuke addressed funding in the IT department. They have $112,000 for salary and fringes, plus they have asked for another $30,000. He made some calls and researched costs for a website. We can get a website built for $12,000 and have it maintained for $150.00 a month. We have saved $17,000 by not hiring Kettering and we are getting a website that is professionally designed by a company.

Mrs. Tinnin asked where the employee would go.
Mr. LaDuke said he would either be laid off or bumped back to where he was before.
Mrs. Tinnin said she does not know if he has those options.

Discussion ensued concerning positions being eliminated yet the employees are still here. Mr. LaDuke's suggestion is to line item each individual employee, wages and fringes.

Mrs. Foster said if they move forward to line item positions individually with salary and fringes, she has to totally re-do the salary spreadsheet because so much of the fringes are based on union averages, like overtime, sick personal payouts. She would have to totally start over to institute it.

Mrs. Foster stated further, because the police MERS is a blended group, for the senior officers the city is going to be paying 44% and junior officers are 7. That blended cost for the city is 25% and that is how we budget. But if she line items by person, for the senior officers she has to budget the 44.95%.

Mrs. Tinnin stated last year we thought we were eliminating some monies on some positions, but those positions were re-routed to various budgets where there was money in those salaries and fringes.

Mr. Major said if the Mayor followed Council's directives, Karen would not have to be forced to do this. This is the only control we have to make sure those positions that are funded with this budget can't be moved around.

Mrs. Conley interjected the Mayor is in violation of the Charter 7.6.

Mr. Wells stated it is not our job to say whom the City hires or fires. By what I am seeing here, you want to get away from the Mayor type of government and have a City manager, and micro-manage the City.

Mr. LaDuke said he probably would not be micro-managing if everything I ask didn't fall on deaf ears. I don't understand why a position would be funded 45% out of the Police Department when it works in the Controller's Department.

Mr. Wells said the Purchasing Agent purchases for the DPW and Police Department.

Mrs. Tinnin said it was never done that way before. Those salaries and fringes were never taken out of the Police Department prior to this year, when we eliminated the funding for some positions that we thought we could save a lot of money on, and before the millage was passed we were given that money to the Police Department. In essence he has taken money away from the police department by doing what he is doing.

Mr. Wells stressed that before Council does anything, talk to administration. You have to communicate with the CEO of the City.

Mr. LaDuke said he came with an open mind in January to communicate. I went out of my way to develop relationships with Council and the Mayor and try and bring them together.

Mr. LaDuke said the Purchasing Agent should work for the Controller. That is who should supervise that individual and if they are so busy and we need that position so much, how do they not stay in that and do their job.

Mr. Cross interjected how do they have time to go out in the community all day, every day, do filmings, TV and radio shows.

Mr. LaDuke said the Purchasing Agent is a very needed position in this city and I am not an advocate of getting rid of it or taking care of it. I just don't know if we can afford it. Can we afford $142,000 in salaries.

Mrs. Tinnin stated we have a high seniority person from the police department in that position. She does not know if he has the option to flow back to the police department.
Mr. Major said he would have to believe so.

Chief Halstead said he is not 100% sure, but it is my belief in talking with Chief Whitman that he would be able to go back but it would not be to his previous position as Sergeant. He would have to go back to patrol.

Mr. LaDuke said it is his opinion that we cannot afford $30,000 for help when we are already paying $112,000 in fringes and benefits for that individual. I have no problem if it is the concensus of this group to leave the IT person, but I would recommend we take out the $30,000 for the Kettering person.

Mr. Wells addressed Mr. LaDuke and said he recalls a conversation of Monday night that you indicated you privatized your IT and the cost was $80,000. But you are comparing Atherton School to the City of Burton and that is quite a jump.

Mr. LaDuke said there are 80 work stations at the City and 4 servers. At the school we have 5 servers and 130 work stations. That is how these companies bid this work. They bid it on equipment. That is where I came up with $100,000. It could be one way or the other. If we are not happy with the website, is it worth $30,000 to get the website up and running, or go to a private company for $12,000 and get them to build a website and take the hit one time and pay $150 a month and not fund the Kettering people. If this group says it is not beneficial to privatize, I don't have a problem with that.

Mrs. Conley said last year we gave DPW $100,000 to catch up with the ditching. Mark said if we did it this year that they could get caught up.
Mr. Kray said overall we knocked about a year off it.

Mr. LaDuke asked if they came back to Council for a transfer because you overspent that $100,000.

Mrs. Foster said equipment rental is what went over because the more they are working on it the more equipment rental they are creating.

Mrs. Tinnin brought up the line item budget and stated they need to come to a consensus tonight on what we want Karen to do.

Karen expressed it will totally change the totals. I need to have this ready for the first meeting in June. Every time we do payroll, we are going to have to look at each individual person.

Mr. Wells said this is ridiculous and at some point people have got to do some talking. You have to have some element of trust.

Mr. Cross said he would like more time to review 68C and see percentages.

Mr. Major said he is not sure we can eliminate health care benefits of sitting Council members. I think the health care benefits have to be eliminated for the newly elected Council members that are not presently on City Council. He still would like to see benefits eliminated but he wants to make sure we don't violate State Law.

Mrs. Tinnin said you can change 68C at any point in time.
Mr. LaDuke interjected he does not think anything should be affected until November, because that would be with the new Council if we did anything at this point. We could go 68C with administrative officers effective in July 2007, and elected Officials Dec. 1, 2007 or January 2008.

Council went through Mr. LaDuke's recommendations, Items #1 thru #14. Items #4 thru #12 and #14 were put on hold.

Mr. Major said he thinks additional help is probably needed in the DPW. He would like to see someone put in there that has credentials to hold the position. Greg Kray has the credentials. If he gets an assistant, he would hope it does not become a political appointment. It could be someone with an EIT, graduate engineer to be licensed in the future. But it should not be a political appointment for someone who does not have a background that hurts the entire operation, and you can't run an engineering DPW operation. Nothing can get done because that person is not capable of doing anything. We don't need an administrator back there.

Discussion continued regarding a technical person.

Mrs. Tinnin and Mr. Cross both expressed code enforcement officer should not be eliminated.

Mr. Major said it doesn't make sense to put a certified building inspector that is more than capable of handling code enforcement, into the motor pool.

Mrs. Tinnin said we agreed on Council some time ago that employees need to be cross trained.
Mr. Major said why wouldn't it be someone from Mike Holzer's area of sewer water or the street department area.

Mr. Holzer briefly addressed the needs of certification of workers.

Discussion resumed on the IT department. Mr. Cross said it is a lot of work for just one person. Mrs. Tinnin asked Mr. LaDuke to speak with Chief Whitman on options to see where we are going with that.

Mrs. Tinnin and Mr. Cross both felt there was not a need for a part time Parks & Recreation Director. This item was recommended to be put on hold.
Council approved Item #13 as written, to set up a capital improvement fund for future expansion at the Library ($10,000.00).

Discussion ensued on Item #14 and Council was in agreement to set up a capital fund to carry over unspent dollars for future equipment purchases and replacement in each budget.

Discussion ensued concerning monies being put aside for the Fire Department on equipment rental, fire truck and capital improvements.

Mrs. Foster clarified that capital improvements and community development are always on a line item basis.
Mr. LaDuke asked Mrs. Foster if she tries to use money she anticipates is going to be fund balance as of June 30th for next year's budget, or does it automatically go into unappropriated surplus. Does she look for that money as a revenue source.

Mrs. Foster replied no. She starts fresh every year.

Brief discussion ensued concerning ADA issues and CD projects.

Mrs. Tinnin said on the ADA issue she would like to put that resolution back on the agenda to rescind it for the CD because that CD money was going into city hall and she had no purpose for it, the $15,000, and to transfer it out and put it back into the police department.

Mrs. Foster said there is $15,000 budgeted in City Hall for this fiscal year. I am only expecting them to spend up to $250 of it. In the new budget she proposed taking the balance and carrying it forward, but they wanted to transfer that balance rather than putting it in City Hall to put it to the police department to help with their ADA cost.

Council decided to go on a non-line item budget.

Mr. Holzer addressed the Fifth Third Bank Watermain issue. He said he just received another call from the DEQ and they want that loop done. If we don't get that loop done they will start enforcement action against the City of Burton. Mr. Hamilton was involved with all the meetings with Fifth Third Bank, DEQ in Lansing, Rick Riess and Mr. Abbey.

Mr. Holzer indicated further they only have about 18 months to satisfy the DEQ.
Mr. Kray interjected that the DEQ is looking to us to fix it and we then pursue the bank for reimbursement.

Mr. LaDuke said DPW was directed to get with our attorney and get a ruling if we can legally shut them off. If we have a legal right we need to pass a resolution directing that done.
Mr. Holzer briefed the Council on the history of what transpired and caused the situation that it is today.

Meeting adjourned at 5:04 p.m.

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