

CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
APRIL 26, 2011, 4:00 P.M., COUNCIL CHAMBERS
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The Budget Workshop was called to order by President Steven Heffner at 4:00 p.m.

MEMBERS PRESENT: Heffner, Haskins, O'Keefe, Smith, Ellenburg, Martinbianco and Wells.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor P. Zelenko, G. Burke-Miller, Controller, Fire Chief D. Halstead, S. Bassi, Assessor, and J. Adams, City Clerk.

**PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED
2011-2012 CITY OF BURTON BUDGET AS FOLLOWS:**

- | | |
|---------------------------------|-----------------------------|
| 1. General Fund Revenues | 5. Clerk / Elections |
| 2. Assessor | 6. Treasurer |
| 3. Council | 7. Controller |
| 4. Mayor | 8. Public Service |

PRESENTATION:

Mayor Zelenko referenced her letter to Council prefacing the budget. She stated we presented a worse case scenario budget in the event we couldn't find revenues to offset the loss of revenues from our low property values and property tax revenues, and cuts to State Revenue Sharing. The human face would be 4 police officers and 4 clerical. All of our labor unions have come together. We are working through these difficult times. They are making a lot of adjustments and bringing ideas to the forefront on how we can help generate more revenue and work smart, not harder. It will require as reflected in this budget, quite an investment in our IT department and getting our computers and systems running the way they should be. I am very encouraged that our Police Chief, lieutenants, sergeants, command and patrol officers are ready to step up and help us with this. We have new ideas and I am very encouraged that this is the worst you will see, and we have nowhere to go but up from here. She will defer to Controller, Ginger Burke-Miller for most of the budget session. Mayor Zelenko requested the Assessor's department be addressed first due to a conflict in schedule.

Assessor, Pg. 22

Mrs. Burke-Miller reviewed the Assessor's expenditures. We budgeted for her salary \$60,000. Salaries permanent is one employee currently in her office. Fringe benefits are the two persons combined.

General Fund Revenues, Pg. 7

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Mrs. Burke-Miller indicated the property taxes decreased by approximately 7% and that being the case, we calculated out the current real property taxes at \$2.3 million, delinquent real property taxes at \$430,000, delinquent personal taxes approximately \$23,000. The State Shared Revenue decreased by approximately \$158,000. Reimbursement income is \$144,000, and that is if employees pay 20% of their premium on their health insurance, per the Governor's plan.

COUNCIL DISCUSSION:

Mr. Haskins asked for more clarification on the reimbursement income.

Mayor Zelenko said it looked like it was going to become mandatory so we included it in the budget. We had to have the budget to you by April 1st, and that has changed since then. That is the reason why I said we would have many re-writes of this budget, not knowing some of the directives coming from the State.

Mr. O'Keefe said in 2009 and 2010, fire recovery fees and fire inspections were almost \$75,000 and they are zero now.

Chief Halstead said he doesn't know why the fire recovery fee is zeroed out. The inspection fees are zeroed out because we had \$140,000 loss in our budget last year and had to lay off the inspector. We are still inspecting from a different standpoint to make sure we are up to OSHA standards and NFPA standards, but it is being done differently so that the firefighters are safe. We are still collecting cost recovery fees. We have a substantial amount already for this year.

Mrs. Burke-Miller said she hadn't accounted anything for fire recovery fees.

Mr. O'Keefe asked if this is more of an actual figure than trying to project it.

Mrs. Burke-Miller acknowledged yes.

Mr. Smith inquired regarding contingency. In 2009-10 it was \$79,319.87, 2010-11 it was \$245,361.00 and in 2011-12 it is zero.

Mrs. Burke-Miller said this budget shows a budgeted change contingency surplus on the second page of \$125,490.20, which will go away if the \$144,000 in revenue for the reimbursement income for the Blue Shield doesn't happen. The amount showing as a surplus will disappear if we can't get the 20% kicked in by the employees.

Mr. Smith asked for the percentage increase for the fringe benefit package in the last year.

Mrs. Burke-Miller replied that for Blue Cross/Blue Shield it is 10 to 12%, depending on whether single, couple or family.

Mr. Martinbianco said it appears the interest income line item is negative.

Mrs. Burke-Miller said the practice started before I came here that banking fees were being offset against the interest, so that makes it go into a negative. We have discontinued to book it that way.

Mr. Martinbianco said we have been offered some expanded opportunities to invest with other financial institutions that potentially could pay us on some accounts in a positive fashion. Either we have to do more exploring with respect to those financial institutions, including credit unions,

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or we have to revisit what we think we have a relationship offsetting fees. We still, despite our decrease in revenues and what we keep in our checkbook, are a substantial contributor or investor in any financial institution at any point in time. Our cash flows going in and out, I think they recognize that as well. It is somewhat catatonic to think we are going backwards between fees when we have been given these expanded horizons for places to invest our tax dollars in General Fund, Sewer Fund, Water Fund and some of the other accounts that are quite substantial. In that case, no holds barred. I think that number is going to be fraught with public policy, driven by the Council. We are going to the bank or financial institution that will provide the most security, and will provide us with the best return, even if we annualize that or buy purchase agreements; or whatever we have done in the past. Maybe that is not the best practice to do now and we will have to look at some other avenues. It is a number we will have to revisit in the future.

Mrs. Burke-Miller said to her understanding, we get the millage money for the City in the summer. Once we start getting those monies in, it will be easier to invest.

Mayor Zelenko said in some of the discussions Ginger had with banking institutions, they have reduced some of the fees they charge us, especially being able to go direct deposit at no extra cost. In the past, there always seemed to be a huge charge that prohibited the previous administration and the previous Controller's office to do that. Ginger made it very clear to some of those financial institutions that we will not hesitate to take our business elsewhere.

Council, Pg. 21

Mrs. Burke-Miller said Council's salary is projected at \$67,000, and budgeted at \$67,000. Board of Review is projected at \$4,000, and budgeted the same. Fringe benefits are at \$72,000. We increased it for health insurance. Council has not expended any monies for office supplies for this year. She kept it at zero. Should there be a need for anything, we had increased miscellaneous and we can always re-allocate some of the miscellaneous monies up to the office supply area if need be. Information technology supplies were \$75.00. Audit is budgeted at \$15,000 and it was projected at \$14,800. It doesn't look like you used any contractual services throughout so we left it at zero. She increased legal slightly. Memberships and dues are projected at \$12,500. Just before this meeting, she heard the Michigan Municipal League would not be charging us for membership dues, so she is guessing that will go down. She doesn't know exactly what we have been paying for that. She will do some research on that. Conferences and workshops last year were cut from the budget. The Mayor and I strongly feel people need to be educated. We can't keep for a long period of time not sending people for training. We need to keep up on current laws so we are in compliance and to avoid liability expenditures. We felt it was important to put monies back in for conferences and workshops for the different departments.

Mrs. Burke-Miller stated further, notices are projected at \$5,000 and she kept that the same. Liability and property insurance has been roughly \$100,000 each year. We kept that consistent. Miscellaneous was increased slightly.

Mr. Martinbianco inquired regarding how the return of an overcharge of MML insurance would be reflected.

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Mrs. Burke-Miller replied the figure would be approximately \$40,000 to \$44,000. The money would not come in till July in this new budget year. It would probably be shown in reimbursement income.

Mr. Martinbianco said he doesn't want that getting lost with reimbursement income that would be delineated as you are going to pay 20% of your health care cost. He would like that as a separate line item so if it comes back, it will be stated as a re-distribution of overcharge through MML liability pool. He would like those 2 things broken out.

Mayor, Pg. 21

Mrs. Burke-Miller said salary is budgeted at \$74,000, salaries permanent is 50% of the personnel director, and 50% of one of the admin, and 22% of the other admin. Fringe benefits for the Mayor is broken up by the percentages for the 3 employees as well. She increased contractual service slightly, auto repair, conference and workshops, as well as gas and oil slightly because of the price of gas, and miscellaneous.

Mr. Heffner questioned auto repair. He said it should still be under warranty and it was purchased in 2009.

Mayor Zelenko said she had warranty work done on it in March. She is not sure when the warranty is up on it.

Mrs. Ellenburg inquired regarding the mileage on the car.

Mayor Zelenko indicated she did not know. She drives her own personal car to and from work. She only uses the City car when need be. It is my contribution on cutting back.

Mrs. Ellenburg mentioned looking into extended warranty plans.

Mr. Martinbianco referenced salaries permanent and stated a year ago, we broke out wages and fringes. He asked if it is based on the same distribution as was done a year ago.

Mrs. Burke-Miller replied yes.

Mr. Martinbianco asked further if the employee distribution list from a percentage point still is the same.

Mrs. Burke-Miller said it is 50% personnel director, 50% one of the admin, and 22.8% for the other admin.

Elections, Pg. 22

Salaries permanent is the staff under elections. That is budgeted at \$30,000. The fees per diem is the election workers that are hired to work on election day. Fringe benefits show a percentage on one person. Supplies are \$9,000. Information technology supplies are budgeted a little higher at \$650.00. We increased postage to \$4,500 because of postal rates and more people are

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participating in absentee ballots. Contractual services are budgeted at \$4,500. Auto allowance \$125.00. Conferences and workshops \$500.00, notices \$250.00, equipment rental \$2,000. We didn't budget anything for new equipment or anything for transfer to capital improvements.

Mr. Smith asked why the budget for fringes dropped so much.

Mrs. Burke-Miller said we have gone to just one person. This budget shows 4 clerical from City Hall being eliminated and we only have one person allocated for budget for the elections. It is only a portion of that person. The majority of that person is allocated in the Clerk's area. Mrs. Burke-Miller said we no longer have a deputy clerk and the deputy was as well allocated into this department.

Mr. Wells inquired regarding the fees per diem. In 2009-2010 said there was a Governor's election, the actual was \$28,096 and you are budgeting \$60,000 for this year.

Mr. Martinbianco interjected that the additional school board elections in May precipitated some of that.

Mr. Wells asked what election workers are paid.

Ms. Adams replied that it depends on the election workers position. A regular election inspector makes \$130.00 for the day. Chairman's pay is \$150.00. A Coordinator at each site is \$155.00. There are other positions as well. It is State Law that 3 workers must be in the precinct at all times. Small elections have 4 to 5 workers at the precinct table and large elections 5 to 6 workers. For a Presidential Election, there can be up to 150 workers for that election.

Clerk, Pg. 23

Mrs. Burke-Miller said salary is budgeted at \$56,000. Salaries permanent is \$31,000. Fringe benefits is at \$56,000. Office supplies \$500. Information technology is a little over \$1,000. Postage at \$250.00, Contractual Services \$120, Memberships and Dues \$450.00, Auto allowance of \$50.00 and Miscellaneous of \$75.00.

Mr. Martinbianco said one of the common threads with most of the General Fund, we are talking about information tech supplies. When we get to the information technology fund, are these going to flow into the fund as transfers from other funds and that will be a revenue stream for them, but not the sole revenue stream for them.

Mrs. Burke-Miller responded yes.

Mr. Martinbianco asked how supplies are identified.

Mrs. Burke-Miller said to her understanding, information tech supplies is the amount being transferred over to the IT department from each of the other departments. Within the IT fund they purchase the toner for the printers and the supplies that support IT.

Mr. Martinbianco said you would see a transfer to capital improvements. You can check with Tadd Harburn from Plante & Moran, transfer to information tech fund might not be the appropriate way to do it.

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Mrs. Burke-Miller said she would check into it.

Treasurer, Pg. 24

Mrs. Burke-Miller said the Treasurer's budget is about \$14,000 for her salary. She is allocated across several different departments. Salaries permanent and fringe benefits are for those employees. Office Supplies remain consistent at \$500.00, Information Technology \$1,500, Postage \$12,000, Contractual Services \$3,000, and Tax roll expense \$8,500.

Mr. O'Keefe said the \$2009-2010 Treasurer salary, salaries permanent and fringe benefits, at that time they were all allocated to the Treasurer's Department and what you did was swept up a percentage of them to each of the areas she has control of and that is why it changed from that year to where it is now.

Mrs. Burke-Miller said the year we are currently in, that was the first year this change has taken effect.

Mr. Smith said in looking at all the postage going out, he sees that election has \$4,500, Assessor's \$5,000, Clerk \$1,000, Treasurer \$12,000. That is substantial sums of money. I see this as something to embrace technology as far as e-mail and we could recapture through what we are doing with the Public Access meeting and working with you.

Mr. Martinbianco said you can't change the State law overnight. First Class Mail hasn't changed. Mr. Smith said water bills are probably one of the biggest expenses we have on postage.

Ms. Bassi said for postage in the Assessor's office, we are still required to send out assessment change notices, personal property statements and any type of notifications, it has to go out through the mail, it is State Law. Until that changes, it is going to have to stay that way.

Mr. Martinbianco said he believes our former Mayor and now State Rep., would be on board that would push this through.

Mr. Smith said most businesses are doing all their billings on-line and it is crazy that we are continuing to do this.

Mayor Zelenko said our State Rep. would be here on Friday if anyone wants to come in to speak with him.

Mr. Haskins said if there is State Law that mandates things, there is not much we can do. A lot of people now for convenience utilize e-billing with Consumers, phone bills and other bills. We can count on our State Rep. all we want but he is outnumbered now.

Mr. Smith asked if there was anything in State Law where you can opt into it on a program like that.

Mayor Zelenko said she doesn't believe so. It is First Class Mail and it is the same for tax bills.

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Mr. Wells said the Governor is looking for us to use technology.

Mr. Martinbianco referenced intergovernmental cooperation and utilizing similar services.

Controller, Pg. 23

Mrs. Burke-Miller said salary is budgeted at \$12,000 because both employees in the Controller's office are allocated across several departments, the same as the Treasurer. Salaries permanent is the one employee that works with me. That is only a portion of her salary. Fringe benefits are allocated across as well. With office supplies we are pretty conservative and that number could actually come down a little bit. Information Technology is increased because there are two of us, and changes in information technology increased a little bit. Contractual services had an actual of \$1,400, we are projected at \$800. I picked a figure of \$1,500 and I am not quite sure what that was used for in the 2009-2010 budget. It could have been a portion for the audit. Memberships and dues are \$250.00 and \$500.00 for conferences and workshops.

Mr. Martinbianco referenced the Mayor's letter of transmittal and a new cleaning contract. Mayor Zelenko said it would be part of the City Hall budget.

Public Service, Pg. 25

Mrs. Burke-Miller said payroll fringes are FICA, Social Security and Medicare going in and out. The budgeted number is correct at zero. Drains-at-Large are projected at \$90,000 and we kept that the same. Street Lighting is at \$500,000. Mrs. Foster said that is actually on the low side so she increased it to \$600,000, not knowing where we are going to end up at the end of the year. Disaster aid is projected at \$441 and I budgeted for \$500. Holiday decorations are zero, Memorial Day Parade projected for this year is zero, and for 2012, we budgeted \$7,000 for that. We hope to have that going next year. Weed cutting projected at \$54,000, she did \$50,000 for that. That gives a total public service budget of \$752,500.

Mr. Heffner said his big concern is the \$600,000. The Mayor and myself are looking into LED lights. Council needs to get on board and we all need to work together to make this happen. The same is with utilities in City Hall expenditures. We are budgeting \$40,000. In the research I have done, we can save up to 85% of our energy costs.

Mrs. Burke-Miller referenced a couple of seminars on LEDs and street lighting she attended before coming to Burton. She stated there might be some upfront costs, but in the long run it will save the City quite a bit of money.

Mr. Heffner said he understands the recovery time is 2 to 3 years.

Mr. Martinbianco said his business just got retro fitted with all new 40 watt lighting. It cost him \$400 out of pocket, and they estimate the return on investment will be 1.3 months. He sent a gentleman over here on Monday to do an energy audit of City Hall. He has a similar program that he worked with the City of Davison on LED exterior lighting.

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Mr. Smith stressed that to go from \$450,000 to \$600,000 in two years, is almost an emergency to him.

Mayor Zelenko said having this conversation and knowing all of you support attacking this issue, really helps so we can go forward and gather all the information to bring back to you. She received a letter from Consumers Power about changing out the mercury vapor lighting and giving us a choice on the type of lighting we would like to have re-installed. I forwarded that to Mr. Kray so he can pull that together with the rest of the information. Mr. Heffner, Ginger and I have been having conversations on getting this going fast. Hopefully, when we get through this budget, we can concentrate more on those types of things. There are also some other things that will help us offset some of those costs.

Mr. Heffner said he should be getting back the estimate from the company. I sent them over what kind of bulbs we use and how many hours, and what we pay. They will calculate our savings and as soon as it is sent to me, I will forward that information to you.

Mayor Zelenko said she would like to make a suggestion that once we have all this information, we call a Committee of a Whole Meeting and brainstorm on what direction we want to go and decide on who we need to bring in to discuss how we get the ball rolling. Whether it is Rowe Engineering or someone of that caliber, we need some help and guidance with it. I am told there are grants available out there as well to help us make this transition. She will talk to our State Rep. about this on Friday.

Mr. Haskins said the President, Mr. Wells, and Mr. Smith discussed that there are companies out there that will actually help you purchase the LED lighting and get the grant money as well and reimbursement for public entities being more energy efficient.

Mr. Heffner said the company he sent all the information to is LumaSmart. The representative said there is \$80 million dollars in grants out there right now.

Mayor Zelenko stressed the need to address that right now.

Mr. Martinbianco said we own so much vacant property and wind turbines might not be a bad alternative in some of the vast vacant areas we own. That might be a substantial investment where we can pump enough money back and Consumers might offer some credits. I don't know start-up costs and a lot of the technology at this point, but some of those areas that might be prone to that is the area over on Covert Road that was dedicated to us some years ago. I don't know if there are any covenants that would prohibit us from doing that. It occurs to me that it would be a prime area to do it and very close to the Consumers Power easement. There are other areas we have out there to dedicate to energy recapture.

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Mayor Zelenko said we should have a conversation with Laurie Moncrieff from Schmalz Tool & Die. She is very up on what is going on with wind energy and she is doing business with Vestas, one of the wind energy companies. I met with her yesterday on some other ideas and it would be great to get her involved in that. She would have some insight.

Mr. O'Keefe asked for actual fees for street lighting.

Mr. Martinbianco replied for last year the amount was \$531,000 for 2,942 streetlights.

Mr. Heffner stated there were a lot of problems with the company hired for weed cutting last year. He inquired if it will go out for bid again.

Mayor Zelenko replied we are trying to do some of it in-house. Amber Frost is putting those specs together right now and she will present them to me shortly and we will go out to bid probably in the next couple of weeks.

Mr. Martinbianco inquired regarding the Parks & Recreation budget.

Mrs. Burke-Miller indicated Parks & Recreation would be addressed at the May 12th Budget Workshop at 4:30 p.m.

Mr. Smith asked when Rep. Charles Smiley is scheduled to be here on Friday.

Mayor Zelenko replied he is scheduled from 1:00 p.m. to 3:00 p.m.

Meeting adjourned at 5:10 p.m.

Julie Adams, City Clerk