CITY OF BURTON
BUDGET WORKSHOP MINUTES
MAY 14, 2009, 4:00 P.M., COUNCIL CHAMBERS
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The Budget Workshop was called to order by Tom Martinbianco at 4:10 p.m.

MEMBERS PRESENT: Martinbianco, Tinnin, Heffner, Haskins, Ellenburg, Conley and Zelenko.
MEMBERS ABSENT: None.
OTHERS PRESENT: K. Foster, Controller, G. Kray, DPW Director, R. Howarth, Street Superintendent, M. Holzer, Utilities Supervisor, L. Young, Clerk's Office

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED 2009-2010 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 and Discussion:

Major Streets Pg. 22, 33-35

Mrs. Foster indicated the Major Streets budget had a 7.4% decrease over this year's estimated amount, or $220,380 mostly due to construction in various states of completion.

Mr. Martinbianco asked Mrs. Foster if the revenues under the federal state construction match her estimations of $100,000 for the end of this fiscal year and if they will be received in this fiscal year or rolled over into the next.

Mrs. Foster replied that if it was for work performed prior to June 30th, it is always put back to prior fiscal year. She stated that she hasn't prepared all of her requests yet and does not know the accuracy of her estimation of $100,000.

Mr. Martinbianco inquired as to what projects were associated with the federal reimbursement.

Mrs. Foster referred to page 33 of the 2009 proposed budget book and stated that the construction projects that were listed with a "FAUS" were eligible for federal reimbursement. She explained that the city does not receive 100% reimbursement because we pay 100% of the preliminary engineering and on the actual construction, the city receives 81.85 % and pays the remainder. Mrs. Foster stated that the depreciation is recorded in the financial statements.

Mrs. Tinnin asked if there was any money set aside for major street repairs besides the federal money.

Mrs. Foster replied that there was very little money set aside and that the fund balance that the City had when it took over the major streets was expedited on construction projects.

Mr. Martinbianco entertained the idea of borrowing money to pay for chip sealing to buy time until the City can repair the major streets.

Mr. Howarth suggested bonding or a road mileage as a way to raise revenue.

Mr. Kray stated to borrow the City would have to have additional revenue in order to pay the money back. He stated that a mileage seemed to be the only way to acquire additional funds.

Mr. Howarth stated that in an attempt to help the budget, overtime has been cut in the road department.

Mr. Kray stated that Davison/Court Street is programmed for future construction and that the City of Flint has programmed it into their budget to help fund the project.

Mr. Martinbianco inquired as to the size of Mr. Howarth's staff.
Mr. Howarth stated that he currently has eight employees and four summer help, two of which are part-time roadway.

Mrs. Foster stated that the summer help are charged to whatever department they are working for that day.

Local Streets Pg. 21, 30-32

Mrs. Foster stated that there was a .16% decrease over this year's budgeted amount of $1,779.
She explained that the road department staff is split between local (60 %) and major streets (40%).
She also stated that the transfer from major streets was decreased to 15% for this fiscal year and next fiscal year to try and decrease the deficit in major streets.

Mr. Martinbianco inquired about the cause of the deficit in the local streets.
Mrs. Foster replied that much of the deficit was caused by winter maintenance and the transfer from local to major streets.

Mr. Howarth stated that the City should consider doing special assessments to pay for the resurfacing of local streets.

Mr. Haskins suggested presenting a mileage to increase revenue, which would give the residents a choice.

Mr. Martinbianco stated that the local street issues could only be remedied by special assessments.

Mr. Tinnin suggested shaving off benefits of employees, beginning with the City Council.

Mr. Howarth suggested passing on the cost of street lighting to the residents.

Motor Pool Pg. 40-41

Mrs. Foster stated that the recommendation is a decrease of 3.83% or $38,500. She said that the contribution of $38,500 from General Fund to the Lease Expense Equipment was removed.

Mr. Martinbianco inquired about the replacement of the diesel fuel tank, truck and compressor.

Mrs. Foster stated that the air compressor that is in the budget is to replace the stationary compressor that is in the Motor Pool that has been there since the building was built. The truck replacement is to replace a 1998 truck that is being used for meter readings. The diesel tank is going to be replaced with a larger capacity above ground tank because they have run out of fuel in the past.

Mrs. Tinnin inquired as to why the fringe benefits item is down.

Mrs. Foster replied that the employees agreed to no payouts on vacation days, and that there is one less employee in the department.

Inspections Pg. 29

Mrs. Foster stated that the new budget is a decrease of 1.04% or $1,350 over this year's appropriation. She said that this is the inspector on construction projects and his time is spread and tracked in General Fund and charged to the specific project that he is working on, and reimbursed to General Fund via those projects.

Sewer Debt Pg. 45

Mrs. Foster explained that this is the second year that we no longer have a sewer debt mileage that goes on the tax bills, but the auditors did not want her to close the fund for a few years. She stated that there is no budget for the new year and the negative amount on current tax is going to be her estimate of the charge backs that she will receive from the revolving fund distribution for Trail Ridge Properties and other properties that she is being charged back for from the years that the mileage was on tax bills. She went on to say that as long as this fund is open she may continue to charge those charge backs against the fund, but once it is closed, if there are any remaining charge backs it will go to the sewer fund.

Mr. Martinbianco inquired as to why the city would leave the sewer debt fund open and if it would go back to the sewer fund.

Mrs. Foster explained that she left it open at the recommendation of the auditors and that they would tell her where to put the balance of the account.

Water Pg. 38-39

Mrs. Foster said the budgeted amount is an increase of 11.15% or $462,638 and that she included an increase on the revenue that is coming July 1, 2009 of 9.6%.

Mrs. Tinnin inquired about the water rate pass through.
Mrs. Foster explained the passing through of water rates is automatic, but there is nothing to cover our expenses which increase every year. She added that there is the same number of personnel in this department as there were in 2001.

Mr. Kray stated that in the months of December, January and February there was a differential of water purchased to water sold of approximately 10,000,000 cubic feet, which implies that there is a problem with the County's billing system. He also stated that he spoke with Tim Davidek, who mentioned that there was a meter pit out of calibration.

Mrs. Tinnin inquired about the breakdown on the Pebble Creek for water, sewer and road.

Mrs. Foster replied that $3,000 was for ongoing special assessments and the balance is for Pebble Creek bonding. She also anticipates an estimated $12,000 transfer into the water debt service fund for Pebble Creek because they have some cash left in that account and the charge back for the water portion is $87,000.

Mrs. Tinnin asked what the cash in the debt fund would be annually once the money is gone.

Mrs. Foster replied that every year she would transfer money from water/sewer and general fund to pay the bond payments, as well as with money from sold lots. The bond payment is $250,000 a year and paving is 68.8% or $179,950. The water is 13.2% of that issue or $34,525. The sewer is 18% or $47,100.

Mr. Kray explained that he just spoke with Tim Davidek on the phone, who informed him that the Maple/Fenton meter going out of our city was reading 10% low and is estimating somewhere close to 3,000,000 cubic feet for four months, each month, a 12 million cubic feet credit which is close to $1,000,000.

Mr. Holzer stated that the Fenton road water main project has plans in process. He stated that he met with the DEQ regarding the Reliability Study and that the City should have a complete study back by the end of the month.

Sewer Pg. 36-37

Mrs. Foster stated that the budget was 6.4% higher than this year's estimate or $258,850, which does not include the adjusted rate that the council discussed the previous night.

Mrs. Tinnin inquired about the amount of money which was equipment, and which was cash.

Mrs. Foster replied that $10,285,214 is in checking and various investment funds and the remainder is equipment.

Meeting adjourned at 6:27 p.m.

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