CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
MAY 14, 2012, 4:00 P.M., COUNCIL CHAMBERS
www.burtonmi.gov

The Budget Workshop was called to order by Finance Chairman Vaughn Smith at 4:10 p.m.

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

MEMBERS ABSENT: None.

OTHERS PRESENT: G. Burke-Miller, Controller, G. Kray, DPW Director, B. Bigsby, Administrative Assistant, Liz Moss, Deputy DPW Director, S. Warren, Director of Human Resource/Labor Relations and J. Adams, City Clerk.

PURPOSE OF THE MEETING: Council Workshop to discuss the Proposed 2012-2013 City of Burton Budgets, as follows:

1. **General Fund Revenues**
2. **Council**
3. **Mayor**
4. **Clerk/Elections**
5. **Controller**
6. **Public Service**
7. **Water**
8. **Sewer**
9. **Major Streets**
10. **Local Streets**
11. **Motor Pool**
12. **Inspection**
13. **Sewer Debt**

PRESENTATION:

Mrs. Burke-Miller started with current real and personal property taxes at $2,089,000, tax charge backs at $150,000, delinquent real taxes at $386,000, delinquent personal taxes at $21,000, interest and penalties on taxes at $120,000, all permits and license fees at $4,600, franchise fees at $400,000, lease fees at $30,000, State Shared Revenues at $2,300,000, liquor fees at $16,000, Board of Appeals at $6,000, Administration fees and taxes at $204,000, collection and dog license fees at $150, Administrative fees for invoices at $800, Zoning fees at $8,500, copy fees at $1,800, fire recovery fees at $10,000, property transfer affidavit revenue at $22,000, interest income at a negative $8,000, lighting grant revenue at $48,000, refunds and rebates at $20,000, reimbursement income at $250, Memorial Day Parade donations at $5,000, other revenues at $500 and contingency at $1,073,000.

Mr. Martinbianco and Mrs. Burke-Miller discussed delinquent taxes and charge backs.

Mr. Martinbianco asked what the $500 for the Parade represents.

Mrs. Burke-Miller said in the past we have gotten donations from Meijer and other corporations.

Mr. Wells asked what was included under franchise fees.

Mrs. Burke-Miller explained it was the money we get from Comcast and any cable and phone companies. She calculates based on the number of users and residents who subscribe.

Mr. Wells brought up using those fees for the Public Access Committee and PEG money.

Mr. Smith asked if there is any way around the City being billed for the handling of the money.

Mrs. Burke-Miller said Mr. Bingaman is working on bringing those costs down. We get charged for every paper check and that's why we've gone to ACH and direct deposit.

Mr. O'Keefe said there is a credit the bank will give you for the balance you have in the checking account to write against the checks and transfers.

Council, pg. 29

Mrs. Burke-Miller said salary is at $67,000, Board of Review at $4,000, fringe benefits at $61,000, office supplies at $700, information tech supplies at $158, audit at $15,000, legal at $12,500, membership and dues at $12,000, conference and workshops at $7,000, notices at $7,000, insurance at $105,000 and miscellaneous at $500.

Mr. Martinbianco asked where fringes, payroll and unemployment are supposed to be assigned.

Mrs. Burke-Miller said there are several departments within General Fund and most are classified with a number. She said unemployment that occurred in 2010-2011 was not coded to any specific department.

Mayor, pg. 30

Mrs. Burke-Miller said salary is at $75,500, salaries permanent at $63,400, fringe benefits at $89,000, office supplies at $2,000, information tech supplies at $2,100, postage at $250, contractual services at $2,000, membership and dues at $950, auto repair at $1,000, conference and workshops and $5,000, gas and oil at $2,500, miscellaneous at $2,500 and office equipment at $1,000.

Mr. Smith questioned an increase in benefits and how many people were included in 2010 and 2011.

Mrs. Burke-Miller indicated there are 2 employees whose salaries fall within the Mayor's department. There are 3 different people within the Mayor's budget, which include the HR Director, Executive Assistant and the Benefits Coordinator. All three are in the MERS plan, which has gone up so that is reflected in the fringe, as well as the fringe benefits for the Mayor herself. She said in 2010 and 2011 we were paying for the same 3 positions as we are now.

Mr. Martinbianco asked for justification in the spike for conference and workshops.

Mrs. Burke-Miller said the Mayor is on the Board of MML and travels more.

Clerk, pg. 31

Mrs. Burke-Miller said salary is at $61,700, salaries permanent at $25,000, fringe benefits at $71,000, office supplies at $500, information tech supplies at $1,500, postage at $250,

contractual services at $250, membership and dues at $450, auto allowance at $50, conference and workshops at $1,000 and miscellaneous at $100.

Mr. Smith inquired about the fringe benefits. He asked about the number of employees in 2010-2011 compared to now.

Mrs. Burke-Miller said there was a MERS increase, a layoff of Lindsay Young and Jenny Anderson was brought in. She said Jenny Anderson is partly in this department now and 2 full time employees are Lindsay Young and Melanie Snow. She said for 2010-2011 there were the Clerk, Deputy and 2 Clerk Typist's.

Elections, pg. 30

Mrs. Burke-Miller said salaries are at $73,800, fees per diem, which include election workers are $65,000, fringe benefits at $60,000, supplies at $15,000, information tech supplies under $1,000, postage at $4,500, contractual services at $4,500, auto allowance at $125, conference and workshops at $500, notices at $250 and equipment rental at $2,000.

Mr. O'Keefe asked how the salary is split.

Mrs. Burke-Miller said Melanie and Lindsay are being split with 75% to one and 25% to the other. The majority is going into Elections and the 25% going into Clerk.

Mr. Wells asked how many elections are expected this year.

Ms. Adams said we had the February Presidential Primary hit and there wasn't a May election. She said we would be having 3 elections this year. Also, the water and sewer departments have always been involved in the election setup and take down but now all workers have to be allowed to work so we are seeing a lot of high paid individuals working the elections.

Controller, pg. 32

Mrs. Burke-Miller said her salary, as well as Jackie Beutler's is allocated across several funds. She said salary for the Controller is at $12,375, salaries permanent at $25,000, fringe benefits at $31,000, office supplies at $600, information tech supplies at $5,100, postage at $175, contractual service at $2,000, memberships and dues at $500, conference and workshops at $2,000, miscellaneous at $150 and office equipment at $500.

Public Service, pg. 33

Mrs. Burke-Miller said drains at large are at $110,000, street lighting at $500,000, disaster aid at $500, Memorial Day Parade for 2013 at $7,000 and weed cutting at $40,000. There was $600,000 budgeted for last year but each invoice received hasn't been over $40,000.

Mr. Haskins asked what is anticipated with the weed cutting at $40,000 and isn't it a violation of the union contract to contract out since employees are still laid off.

Mrs. Burke-Miller said that is probably the high weed and even if it's our employees working on it that gets coded to where it is they are working. She thought if there was a violation the employee's would have brought that forth to the HR Director.

Mr. Martinbianco asked if we are funding the expansion of the Gilkey Creek drain basin project over 15 years.

Mrs. Burke-Miller said the City is being billed accordingly.

Mr. Kray said every so often we get a stack of bills from the County for each drainage district.

Mr. Heffner asked if the City could buy the lights that go on the streetlight poles.

Mrs. Burke-Miller said Mr. Blake from Lumerica said Consumers Energy was talking with Lumerica to create a bulb they could sell at a low price to the consumers.

Mr. Kray said the County is replacing the bulbs in the traffic signals with LED's. He said Consumers Energy is moving in the direction of LED's for street lighting at there own pace. We can request and pay for the upgrade to LED lights.

Mr. Heffner said if we went to LED lights, within 3-4 years we could expect our payback.

Water, pg. 44

Mrs. Burke-Miller started with City tap in fees at $18,000, front foot fees at $2,000, usage fees at $3.5 million, inspection and approval fees at $12,500, labor charges at $600, service charges at $45,000, equipment rental sales at $250, material, repairs and maintenance at $12,000, late charges at $96,000, interest income at $4,000, tap in interest at $2,000, refunds and rebates at $2,500, reimbursement income at $3,100, community development at $134,630 and miscellaneous at $500.

Mr. Martinbianco asked about water rate increases from Detroit.

Mr. Kray said he hasn't heard anything since the last increase, which was September 2011 for the commodity and the County increased the rate we pay because of the amount of water we use.

Mr. Wells referenced a substantial jump in tap in fees.

Mr. Kray said the jump was due to Twin Meadows.

The Board recessed at 5:25 p.m.
The Board reconvened at 5:44 p.m.

Mrs. Burke-Miller said administrative salaries were at $64,800, supervision salaries at $65,000, salaries permanent at $258,000, fringe benefits at $420,000, retiree health at $155,000, office supplies at $3,000, information tech supplies at $53,000, postage at $11,000, operating supplies

at $22,000, repair and maintenance supplies at $20,000, sand and gravel at $1,800, pipe and fitting at $50,000, audit at $11,000, billing charges at $4,000, overall charges at $1,750,000, contractual service at $41,000, contractual water testing at $9,000, dues and memberships at $1,300, conference and workshops at $1,500, insurance at $15,000, utilities at $19,000, equipment rental at $100,000, miscellaneous at $3,000, paving assessments at $2,000, contingency at $221,600, depreciation expense at $365,000, principal revenue bond refunding at $155,000, 2011 interest revenue bond refunding at $23,625, transfer to capital improvements at $43,000 and revenue bond agent fees at $350.

Mr. Heffner asked if the sewer fund is paying for the special assessments and then we pay that money back at some point and when it is supposed to be paid back.

Mrs. Burke-Miller said it is being funded through the sewer and is paid back yearly at $20,475.

Mr. Heffner thinks the City should give the City owned properties to anyone willing to pay special assessments.

Discussion ensued regarding the City owned properties.

Mr. Martinbianco referenced a dramatic increase in Administration's salaries compared to what we budgeted this year. He said Supervision's increase is about double.

Mr. Kray said Supervision salaries are the Foreman and Superintendent level.

Mrs. Burke-Miller said the employees filling in for the Superintendent/Foreman are in the administration salary. She said the City is adding 2 Superintendents and 2 Foremen.

Mr. Kray said there would be 1 water and sewer Superintendent and 1 water and sewer Foreman.

Mr. Smith asked if people were added to the payroll since 2010.

Mrs. Burke-Miller said 2 people out back are doing Foreman/Superintendent duties so we are changing the structure slightly for the 2012-2013 budget.

Mr. Smith asked if it could be worse next year.

Mrs. Burke-Miller said the report reflects that in 2010 MERS paid out $1 million to that group of retirees and we had 3 more people retire so it is at $1.2 million. She said as of the last evaluation we are 46% funded overall as a city.

Mr. Smith said the way he sees it is we have less people working here and more people retired so the payments to MERS are going to continue to go up.

Mrs. Burke-Miller said for us to freeze the pension and go to a MERS defined contribution we would have to be 80% funded, which would require an investment from the City of $14 million.

Mr. Heffner said the Sergeants are over funded, SEIU is at 114%, Patrol Detectives show a 92% increase and Administration is at 45%. He said a former Councilperson warned us about this 10 years ago and now he sees it is true.

Mr. Smith asked what was going on at the State level with this situation.

Mrs. Burke-Miller said the Governor would like to see it go down to a 1.5%. She stated if you have both a retiree health care fund and participate in social security it would go from a 2.5% to 1.5%. If you have just one of those options it would be a 2.25% multiplier.

Sewer, pg. 43

Mrs. Burke-Miller said tap in fees are at $5,000, usage fees at $4,339,000, inspection fees at $1,000, service charges at $1,000, penalties at $145,000, interest income at $18,500, tap in interest contracts at $100, refunds and rebates at $2,500, reimbursement income at $600, transfers from other funds at $20,475, miscellaneous at $1,728 and contingency revenue at $570,000.

Mr. Wells asked why the contingency jumped so much.

Mrs. Burke-Miller said it is a plug number so we can get to a balanced budget. You would either see a contingency in the revenue or expenditure side depending on which way is greater.

Mrs. Burke-Miller said expenditures include legal at $3,000, administration salaries at $79,000, supervision salaries at $65,000, salaries permanent at $259,000, fringe benefits at $432,000, retiree health at $144,000, office supplies at $4,500, information tech supplies at $63,000, postage at $17,500, pipe and fittings at $2,500, audit at $12,000, contractual service at $25,000, computer charges at $5,000, conference and workshops at $1,000, treatment expense at $3.1 million, pump station expense at $50,000, repairs and maintenance at $56,000, equipment rental at $69,000, miscellaneous at $70,000, depreciation at $440,000 and transfers to Capital Improvements at $168,000.

Mr. Martinbianco asked if there is much value in cross training the water and sewer employees or are they distinct operations.

Mr. Kray said those departments were combined just before he started with the City. The main cross training being done within the last year has been water and sewer employees moving into roadway and vice versa.

Major Streets, pg. 27

Mrs. Burke-Miller said revenues include right of way permit fees at $2,000, Act 51 gas and weight tax at $1.9 million, State of Michigan maintenance fees at $55,000, Federal and State construction match at $1.7 million, interest income at $800, refunds and rebates at $100, reimbursement income at $2,000, miscellaneous at $250 and contingency at $380,777.

Mr. Heffner thinks the City's right of way fees are too cheap. He said Burton's fee is $20, Davison's is $80 and Swartz Creek is $100.

Mrs. Burke-Miller said she believes administration will be looking at revamping all fees and then bringing that to Council, so each department has been assigned to look at fees they charge.

Mrs. Burke-Miller said construction expenditures include Atherton Road Bridge fees at $517,500 and Davison Road from Center to Genesee at $1.6 million. She said supervision salary is at $14,690, salaries permanent at $100,000, fringe benefits at $129,000, material and gravel at $35,000, contractual services at $25,000 and equipment rental at $98,000.

Mr. Martinbianco asked how many laborers the City has and what the supervisory structure is regarding how the supervisor's salaries and salaries permanent are laid out.

Mrs. Burke-Miller said she figures out how to allocate them across smaller departments. She said trees and shrubs salaries are at $2,200, fringe benefits at $3,300,contractual service at $17,500 and equipment rental at $2,000. For drainage the supervision salary is at $4,000, salaries permanent at $23,000, fringe benefits at $32,000, materials at $10,000, contractual service at $40,000 and equipment rental at $60,000. She said for traffic signs, supervision salaries are at $1,000, salaries permanent at $6,900, fringe benefits at $9,100, operating supplies at $1,000, material signs at $2,000, contractual service at $80,000, equipment rental at $3,800 and railroad crossing rental at $14,000.

Mr. Heffner asked what railroad crossing rental consisted of.

Mr. Kray said the roads cross our tracks so this may be the fee for us to cross their right of way.

Mrs. Burke-Miller said pavement marking contractual services are at $70,000, winter maintenance supervision salaries at $4,474, salaries permanent at $3,400, fringe benefits just under $40,000, material salt at $100,000 and equipment rental at $130,000. She said under roadside cleanup supervision salaries are at $734, salaries permanent at $4,870, fringe benefits at $6,111 and equipment rental at $7,000. She said Administration salaries are at $39,000, salaries permanent at $19,600, fringe benefits at $16,000, unemployment at $12,000, information tech supplies at $3,000, supplies at $2,000, audit at $3,700, contractual service at $1,250, legal at $2,000, membership and dues at $500 and conference and workshops at $1,000.

Mr. Martinbianco said we need to keep the unemployment line item just in case.

Local Streets, pg 25

Mrs. Burke-Miller said there is right of way permit fees of $500, gas, weight and tax at $536,000, State of Michigan maintenance fees at $70,000, interest income at $500 and refunds and rebates at $500. She said expenditures include surface maintenance supervision salary at $12,000, salary permanent at $95,000, fringe benefits at $111,000, chloride at $30,000, cold patch at $30,000, gravel at $20,000, contractual service at $50,000, equipment rental at $55,000, trees and shrubs supervision salaries at $532, salaries permanent at $4,900, fringe benefits at $6,100, operating

material at $100, contractual service at $20,000 and equipment rental at $3,000. Mrs. Burke-Miller said drainage supervision salaries are at $6,700, salaries permanent at $62,000, fringe benefits at $88,000, material at $10,000, contractual service at $40,000 and equipment rental at $100,000.

Mrs. Burke-Miller said traffic signs supervision salary is at $900, salaries permanent at $6,900, fringe benefits at $7,900, operating supplies at $1,000, materials and signs at $2,000 and equipment rental at $4,000. She said for winter maintenance supervision salary is at $4,900, salaries permanent at $46,000, fringe benefits at $38,000, material salt at $100,000 and equipment rental at $90,000.

Mr. Kray said we made some changes on salting procedures and we got really lucky on the amount of snow and that is why there is such a dramatic difference between the projected for this year and the requested amount for next year.

Mr. Wells said 2010-2011 was a regular year and we spent $28,000 so to quadruple the amount is questionable.

Mrs. Burke-Miller said roadside cleanup administrative salaries are at $213, salaries permanent at $2,000, fringe benefits at $2,500, and equipment rental at $4,000. She said administration salaries are at $39,000, salaries permanent at $51,000, fringe benefits at $30,600, unemployment at $8,000, information tech supplies at $3,000, supplies at $10,500, audit at $4,000, contractual service at $1,500, memberships and dues at $500, conference and workshops at $1,000 and equipment rental at $1,000.

Mr. Heffner asked why the fringe amount went down.

Mrs. Burke-Miller said she has to allocate the salaries across everyone based on a percentage so based on how the numbers are falling we may have to ask for transfers in between departments.

Motor Pool, pg. 46

Mrs. Burke-Miller said Administration fees are at $1,000, sale of vehicles at $2,000, material sales culverts at $2,500, material sales traffic signs at $2,500, material sales gravel at $40,000, sale of gas at $15,000, sale of scrap at $500, interest income at $200, local street equipment rental at $200,000, major street equipment rental at $300,000, sewer equipment rental at $80,000, water equipment rental at $100,000, General Fund equipment rental at $85,000, General Fund equipment repair at $20,000, Police equipment rental at $8,000, building equipment rental at $18,000, Senior Citizens equipment rental at $14,000, tech charges for equipment at $5,000, refunds and rebates at $7,000, reimbursement income at $5,000, miscellaneous at $150, and contingency at $356,000.

Mr. Wells asked if the 2 mechanics are able to keep up in the garage since they are out on the roads helping out.

Ms. Moss said they help out on occasion and it's usually with mowing. They are extremely busy.

Mrs. Burke-Miller said for expenditures salaries permanent are at $84,000, equipment maintenance at $34,000, fringe benefits at $75,000, information tech supplies at $21,000, culvert's at $10,000, gravel at $40,000, salt at $200,000, traffic signs at $2,500, operating supplies at $75,000, building maintenance supplies and janitorial at $34,500, audit at $200, contractual service at $4,600, conference and workshops at $1,000, gas and oil at $130,000, vehicle insurance at $42,000, building insurance at $3,000, utilities at $25,000, equipment repairs at $130,000 freight at $3,500, depreciation expense at $200,000, tools and equipment at $12,000, small parts and tools at $2,500, lease expense on the building at $15,700, lease expense on equipment at $16,000 and a transfer to Capital Improvements at $253,516.

Mr. Heffner asked if the vehicles could possibly be switched to propane.

Ms. Moss asked what is the expense of switching them to propane and why would we do that.

Mr. Heffner said we'd get getter mileage and pay less money. He knows that's cheaper than gas.

Discussion ensued regarding switching the vehicles from gas to propane, building supplies and janitorial and lease expense equipment.

Inspection, pg. 35

Mrs. Burke-Miller said salaries permanent are at $57,600, floater salary at $5,500, fringe benefits at $35,600, office supplies at $6,200, information tech supplies at $4,400, postage at $100, conference and workshops at $1,000 and equipment rental at $500. She said expenditures includes General Fund reimbursement at $470, major street reimbursement at $85,000, local street at $3,000, building inspection reimbursement at $80, inspection reimbursement other City property at $240, sewer inspection reimbursement at $14,000, water inspection reimbursement at $1,400 and motor pool reimbursement at $6,600.

Sewer Debt, pg. 51

Mrs. Burke-Miller said there is interest income of $70, no expenditures and $46,000 is still available.

Meeting adjourned at 7:30 p.m.

ms