

CITY OF BURTON
COUNCIL WORKSHOP MINUTES
JUNE 5, 2007, 4:00 P.M., COUNCIL CHAMBERS
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Council President Gary Isham called the Special Meeting to order at 4:00 P.M.

MEMBERS PRESENT: LaDuke, Conley, Major, Tinnin, Isham, Cross and Wells.
MEMBERS ABSENT: None.
OTHERS PRESENT: K. Foster, Controller and J. Adams, Deputy City Clerk.

PURPOSE OF THE MEETING: FINAL BUDGET AMENDMENTS

PRESENTATION:

Mr. LaDuke said we are here to get input from Council on any changes they would like to see in the 2007-2008 budget, and get a consensus to pass on to the Mayor and Controller's Office to get the budget finalized on June 18th.

COUNCIL DISCUSSION:

Mrs. Tinnin asked for the amount of the additional clerical position at the Senior Citizen Center and would that be included on the 2007-2008 Burton fringe benefit.

Mrs. Foster explained for salary and fringes it is \$50,310. That would be \$20,360 for fringe benefits and wages of \$30,000. The program year for the senior millage ran from July 1, 2006 to September 30, 2007, so it crosses our fiscal year. The 2006 – 2007 budget Council approved last night, includes the entire amount. In the 2007-2008, she only budgeted for what she thought would be carried forward from this fiscal year. That person has not been hired yet, so none of the monies has been spent out of this fiscal year. The entire amount would roll forward.

Mrs. Tinnin said they are seeing controversy on the millage money being spent for the right purposes. She would like to be careful with this millage money and show the people that the person hired be a contract person in the beginning, is capable and somebody the City wants to employ as a full time employee.

Mrs. Foster said in the 2006-2007 approved last night, the portion of the salaries and fringes for this new employee was included in that budget through June 30, 2007. Since no one has been hired it won't be spent in 2006-2007. The millage money on those lines will be carried forward into 2007-2008.

Mrs. Tinnin expressed when you are putting somebody new and the fringes almost equal the salary, it is something to think about. We could employ a part time contract person to help her out without fringe benefits. That would be a \$25,000 savings to put into programs.

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Mrs. Tinnin addressed the Police Department. She said they transferred at the beginning of the year \$140,000 that we put back into the General Fund. If we were to take the \$140,000 and deduct it from what the police department feels they are owed this year, that could be from the millage money.

Mrs. Foster said when she prepared the budget, she sends memos to the department heads in mid January requesting their anticipated expenses for the year, and asks for it back by mid February so she can start to put everything together. She did not receive anything from the Police Department. So she included in the budget out of the millage money 6 officers, a second shift clerical, a public service officer and \$100,000 for vehicles. Those were the things she had recalled from conversations about the millage. When Chief Whitman got his budget in March, he didn't mention to me anything that I neglected to budget for.

Mrs. Tinnin suggested they at least deduct the \$140,000 transfer we gave them at the beginning of this fiscal year.

Mr. Cross asked what she proposed Council does with that amount.

Mrs. Tinnin replied to deduct it from the additional amount they feel they are entitled to from the millage.

Mrs. Foster said the additional amount was \$237,638. They were comparing this year's amended budget transfer which included the \$140,000 to what the proposed budget transfer from General Fund was.

Mr. LaDuke said that is about a \$97,638 difference. So we are talking about \$100,000 what the police department is short if they were made whole.

Mrs. Tinnin said that is reasonable because they want to buy a bigger fleet of vehicles.

Mr. Major said he does not think they should be guaranteed the same General Fund millage money year after year.

Mrs. Tinnin said it would be almost impossible because of the increase in salaries, fringes and the cost of living.

Mr. Cross said the revenues we are going to be receiving from the State is going to be lower and lower, so every budget is going to have to be lower.

Mr. Major said when I voted for both police millages, I knew we had to give them a threshold amount that nobody from the State or Federal government could mess with. No matter how bad the situation got they were going to have that millage money plus whatever we could afford to give them from the City's General Fund. Anything over a dollar they are ahead of the game because it is going to change year to year. I don't believe they should think that they should get everything they had last year plus the full additional mill based on what priorities are around here.

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Mr. Isham said he looks at it in 2 different ways. The millage is solely theirs to meet the needs of that particular department. He does not think it is just or fair that they should be hamstrung that they have additional dollars coming into the millage, and have their money cut from the General Fund. I believe they provide an invaluable service to this community. The Fire Department, Assessor, Clerk's and election, all play a vital role too.

Mr. Major expressed that a wise gentleman that is no longer with us once said across the union table, when garbage isn't picked up they could care less whether there is a police officer out there or not. If the sewer is flowing great, if not, they don't care if an officer is around. They only want the police when they need them. He feels the administration gave them a good amount of General Fund money.

Mr. LaDuke said he would really like to see the \$100,000 go back to them.

Mr. Isham asked Mrs. Foster how much revenue was held back in State cuts to the City of Burton and what are the proposed cuts for this year.

Mrs. Foster said she has not seen anything yet for cuts in the new year. It is suppose to remain status quo and it was for last year. There has been in past years where General Fund had a \$300,000 lost in State Shared Revenues and yet the Police budget went up 8%.

Mr. Isham said he agrees with Mr. Major. If we want to be fair and cut one department by 1.75% then it should be across the board.

Mr. LaDuke asked if it has historically been where we had to transfer money in June of each year to balance the Police Department budget because of either overtime or they went over their budget.

Mr. Cross said the Police Department always uses more than what we give them historically.

Mr. LaDuke said he is looking at last year's transfer of \$120,000 from General Fund Contingency to the Police Department for auto repair, gas, oil and legal. So we gave them another \$120,000 plus what they got. There is a point where you have to live within your means too.

Mrs. Tinnin interjected that whatever your General Fund balance is, that is still taking more from another department.

Mr. LaDuke said Mrs. Tinnin would also like in her amendments to have the Police Department hold at that \$94,000 amount that Mrs. Foster said is the difference.

Mr. Cross said he is not in favor of the senior citizen's aide. That money was set up to fund programming for the seniors. The seniors told us not to mess with their funding. If you take an aide on with this kind of money and fringes, you are going to get into the programs that help the seniors such as meals on wheels and roofing projects. He does not see enough work for an aide.

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Mr. Cross indicated for the Police Department, he is in favor of sending the money back to their department. It wasn't intended for us to take it from them because they got out and got their millage.

Mr. Wells said he spoke with Chief Whitman and told him to call Karen and see what they could work out. They spoke about a depreciation fund and I asked if he got everything that he asked for in his budget and the Chief said no. I asked Karen why he didn't and she said she never received any requests.

Chief Whitman said he delivered his proposed budget in February to the Mayor. A spreadsheet shown to me reflected an amount of 5.0 million. I said this is not what we were expecting under the millage. Mrs. Foster informed me we would not know the final figure till June, and I stated that in June I will be back and ask for an additional \$200,000 because that was not the figure we anticipated. In this budget request I asked for a total of 7 cars. I also sent over a document in December of 2006 to the Mayor basically outlining now that the millage has passed, here is what I would like to do with it. The first document shows what I was planning to do and then in the budget I go into great length starting on page 6 under the headline of "the millage notes", the entire 5 year plan. He put a lot of effort, time and thought behind this to submit it. I think the officers are deserving of everything they went out and asked the public for and the public support.

Mr. Wells said he would like to bring his department up to where it should be. Chief Whitman stated in his opinion, that is what this 5 year plan does.

Mr. Wells said he does not know though, about putting this \$200,000 amount into a bank account without having Council discussion.

Mr. LaDuke said every department is not whole and some need additional staffing.

Mrs. Tinnin stated the Police Department is getting all their millage money. We have to keep a substantial balance in reserves otherwise it affects our bond levels and everything else we anticipate we are going to need in the future. We also have to make sure the millage money is spent in the right way and for the right purpose.

Mrs. Tinnin stated further she believes the Chief's five year plan shows he indeed wants to spend the millage money in the right way. She does not want to cut much out of the General Fund transfer, but we have to be considerate of other departments and keep a decent balance in case we have to bond for various projects in the future. Mrs. Tinnin said she would like to have a schedule on the vehicles of the years and miles.

Chief Whitman stated their risk managers tell us that at 70,000 miles you need to start planning to shut them down or rotate them out of the fleet. Currently, they have a number of cars over 100,000 miles as a credit to our mechanic Steve Alderman. When these vehicles exceed 100,000 miles they are still good quality cars. But as a manager, he does not want to be caught or counter that argument if we have one at 118,000 miles and something falls apart. Someone could get injured because this vehicle malfunctioned, when there has been study after study saying police vehicles because of the hard driving wear and tear need to be rotated out at a sooner pace. Years ago it use to be 50,000 and now because they are better quality it is at 75,000 to 100,000.

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Mrs. Tinnin asked how many vehicles they intend to replace that are not going to be patrol vehicles.

Chief Whitman said in the first year everything is going to be dedicated to patrol. The request was for 5 patrol cars and 2 SUV types. The SUV's last 3 to 5 years at the usage limited to 2 people. The detective bureau fleet is at 8 to 9 years now and that is in the 2nd year plan to purchase 5 vehicles that will last 5 to 7 years. In the third year 5 patrol vehicles, and at that time we can re-evaluate and maybe set back on a year and not have to purchase vehicles, and then the following year begin doing 5, 5 and 5.

Mr. Isham commented on a recent article in the newspaper that reflected what he thought was unfair and untruthful reporting by the Flint Journal.

Mr. Major said he would like to see no further fund transfers at the end of the year for the Police Department. The employee list has grown and they have had their fair share every time at the expense of other departments. I understand we need police protection. He voted for the first millage and the second to give a level of funding regardless of what happens at the State. All departments are up to play when the money is passed out of the General Fund. In 1972, we had a population of 32,000 with 17 officers. We have 30,000 with more than double those officers.

Mr. Whitman interjected that they lost 6 positions in the last 3 years. My goal is to bring us to that level where we will by July 1st.

Mr. Major said we have also lost population.

Chief Whitman added that they have not lost crime.

Mr. Major re-iterated that he feels they have received a fair budgetary amount as Mrs. Foster prepared. There should not be any fund equity put into an area to be able to build up a surplus, and the Police Department should come back year to year.

Chief Whitman said he is not trying to build up a surplus, he is trying to do what a number of other departments do when there is a contingency fund / depreciation fund. I am trying to do something that will take care of this department.

Mr. Major stressed there are other departments that need it as equally. We need the police department when there is a crime, but when there is garbage to be picked up we need that garbage department, we need the public works department. Everybody here is equal and I think the budgetary process should be equal across the board and I support the way it has been prepared at the dollar level that is there today.

Chief Whitman asked what this means to the millage money.

Mr. Major replied you have your millage money, they deserve it plus a supplement from the General Fund. I don't disagree with that, but to a level that we are at today.

Chief Whitman said he is not asking for an excessive level, he is asking for us to be where we were 5 years ago.

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Mr. Major said we are not where we were 5 years ago with the Headlee and the State roll backs on the Headlee, and where we are at with the Governor's office. Nobody is where we were 5 years ago.

Chief Whitman interjected that we are with crime.

Mrs. Conley said we have to do for the Police Department and she agrees there is more crime. She also thinks the senior center needs an aide. She has been at the center and Jean cannot do it by herself. If the Mayor followed 7.6 in the Charter where he is suppose to give a monthly report where each department is we would not be here arguing and would have stayed on top of the budget.

Mr. LaDuke said he thinks we still need to be fiscally sound and he is going back to his original proposal he gave at the last meeting. Mr. LaDuke read aloud the following budget amendments:

- Fund the Purchasing Agent solely out of the Controller's budget. Make that an employee of the Controller and make that employee work there. I believe a purchasing agent is needed but the funding should be there.
- Fund the Executive Assistant (Executive Fringe Benefit) solely out of the Mayor's.
- Fund the Executive Assistant solely out of the Mayor's.

Mr. LaDuke clarified this is for both positions in the Mayor's office.

- Eliminate the DPW Director's position, and save \$140,000.
- Eliminate the Code Enforcement Officer until we can find some revenue in the General Fund Building Department.
- Line item all positions, salary and fringes individually within the assigned department wage and fringe lines.

Mr. LaDuke said he asked Tadd Harburn from Plante & Moran, why we could eliminate the funding for two positions and still have them and why wasn't there a violation by someone by paying these people. He explained to me it was a gray area and that by not eliminating the position by just eliminating the funding, made it a gray area. He did say if we line item the fringe and the benefit item for every individual employee by position, this cannot happen in the future.

- Reduce funding in the IT Department and source out the operation.

Mr. LaDuke said he called the GISD after our last meeting and spoke with Matt Stark. They provide this service for schools. He gave them a scenario of 80 units, 3 networks, etc., and for this service it was about \$80,000. I talked to the Chief about a website here a week or so, and called a company they researched. For \$12,000 they can develop a professional website for the City of Burton and for \$150.00 a month they can update it on a monthly basis. So \$1,800 a year will keep our website up.

Mr. LaDuke said one of his suggestions is to eliminate the spreading of salaries and fringes across the departments when we can. It will clearly show where that person is budgeted and there isn't any game played when Council decides to eliminate a position.

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- Set up a Capital Improvement Fund for the library.
- Set up a Capital Improvement Fund to carry over unspent dollars for future equipment and purchases in each budget.

Mr. LaDuke reviewed the savings by his suggested amendments. Eliminate the DPW Director's position saves \$140,000 but \$28,000 is out of General Fund. Privatize the IT saves \$42,000 when you put in the contracting. Eliminate the Code Enforcement Officer saves \$65,000. I also suggested eliminating Council benefits and we won't do that till December because it is a gray area that there could be a law that says we can't change benefits in an election year. But this is a new election. If we eliminate the Council benefits, the pension and the health care for all of us, saves \$58,827 a year. Reduce the Mayor's pension. The Mayor gets \$26,600 in pension contribution, that is as much as a secretary makes here. My suggestion is to reduce that to 18% which is still a good contribution for a defined contribution plan.

Mr. Cross asked when that would take affect.

Mr. LaDuke replied it would be December 1st. The total potential savings in General Fund is \$207,000 and the other departments it is \$112,000 for a total of \$319,000. If you take \$10,000 off for the Library fund, and add additional \$100,000 to the Police Department for their replacement vehicles. There would be an overall savings in the budget of \$200,000 a year.

Mr. Cross asked for clarification of the executive assistants in the Mayor's office.

Mr. LaDuke said the executive benefits rep. is Joyce and the executive assistant is Brenda. I am not a proponent that we lose those positions, that we just fund them from that office.

Mr. Wells asked who is going to run the DPW if you eliminate the Director's position.

Mr. LaDuke said we have a DPW Director and the three managers, Mr. Kray, Mr. Holzer and Mr. Eichhoff. The Mayor added a fourth when he put Mr. Abbey back there.

Mr. Wells stated who would be held accountable.

Mr. LaDuke said Mr. Kray would be the head of the DPW. We can eliminate the assistant, because the assistant makes as much as the DPW Director in the budget so we eliminate one of them. I have no problem having a DPW Director, then we don't need an assistant DPW Director.

Mr. Wells asked what this bargaining unit is going to do when we start eliminating people that are part of the bargaining unit.

Mr. LaDuke said it is management's right. It is our right to pick the size of the workforce.

Mr. Major said with that type of savings there, it is wrong not to save that kind of money if we can run that department a different way.

Mrs. Tinnin said this is going to create a big accounting difference in the way Mrs. Foster is going to have to set up the books in line iteming all these positions by salary and fringes per person.

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Mrs. Foster acknowledged that it will have to totally be re-done. As she has explained before, in the Police Department their MERS contribution for the City is based on blending the two groups together. So we budget for 25% on all the police officers for their MERS contribution. But when you split the two groups apart, for the senior officers the city actually pays 41% and the junior officers is 7 something. So she would have to budget for what their actual contribution is. It could make these budgets totally different.

Mr. Major said he agrees with Laurie and apologizes to Karen in advance that he reluctantly does this, but when we have a Mayor that fails to report to the City Council and we have a budget in the Building Department that is \$160,000 in the hole, you have to put some controls on it that does not allow that type of situation. If he would have followed the Charter and brought us those projections to the Council, we would not be in this situation. I am not a proponent of a line item budget, but I have no other way to control this.

Mr. Wells said he is tired of administration getting slammed at every meeting. He asked Mr. Major to go in and speak with the Mayor.

Mr. Major responded he is not following the Charter.

Mr. Wells said Mr. LaDuke gets that report and I got it when I was the Finance Chair. He asked Mr. Major when was the last time he spoke with the Mayor.

Mr. Major replied that he will not speak with him.

Discussion ensued concerning speaking with the Mayor.

Mrs. Conley indicated she believes the Focus Sessions were political, they are right before election time.

Mr. Wells responded that we have had them for 5 years.

Mr. LaDuke said we have a building department that is \$100,000 some in the hole, revenue is down 75%, the workload is down 75%. On June 13, 2006, Council approved \$851,000 in transfers. That means unapproved prior to the budget of almost a million dollars. Is the administration truly giving us a balance budget or one with false hope.

Mr. Wells stated whoever the mayor is, and you put down the projection based on the facts you had the year before, and at the end of the year you might come out ahead, but chances are your not. It might snow for 3 months this winter.

Mr. Major responded if on a monthly basis if he would bring that to us.

Mr. Wells asked Mrs. Foster if she would put it in the Council's mailboxes and she acknowledged she would.

Mr. LaDuke said the only thing he would want is a copy of the recorded monthly updates of just the lines that are bad. When I use to get my budget there were a bunch of yellow lines and that told me I better watch it. I appreciated that from Mr. Becker. The building department would not have been in this situation if we had known 6 months in that we are at 100% already, and we have to do something drastic.

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Mr. Isham stated we have an administrator in that department that could have come to us and said I am running over budget. We had to buy more salt, we were short of gravel, we had a truck go down, or whatever. Who bares the responsibility, that administrator or the guy who signs his pay check.

Mr. Wells briefly addressed the way some administrators are treated when they come before Council. He asked why administrators would come here and tell us anything after being treated unprofessionally.

Mr. Major spoke concerning not having back up information. As former DPW Director he provided contracts and back-up information. He said he should not have to go to the Mayor to get it from the DPW.

Mr. Wells expressed strongly for Council to communicate with the Mayor.

Mr. Cross said we are down on our tap-ins and building which means we have less money to work with. Where do we get our revenue if it is not for the ACT 51 monies and Federal subsidies. It isn't the employees salaries that worry me, it is the fringes. Mr. Cross stated further that Mr. LaDuke has some good proposals.

Mr. Wells addressed the Sr. Citizen Center clerical position. He said many of the clerk typist's are cross trained and there is a current clerical employee they are planning on taking over there to do the clerical work as the assistant.

Mr. LaDuke said he wished someone had shared that with him. He thinks it should be an employee and not a contractual person.

Mr. Wells asked Mrs. Foster if she has already put money into that budget to support this person. Mrs. Foster said yes.

Mr. Wells then asked if it is a current city employee.

Mrs. Foster said she believes that was the intent.

Mrs. Tinnin asked for clarification that they are taking someone from City Hall over to the senior center to work full time.

Mr. LaDuke then asked if they would replace the person at City Hall.

Mrs. Foster replied not that she is aware of.

Mr. LaDuke felt it would really be a wash.

Mrs. Tinnin advised to leave the money alone then.

Mr. Isham said if they are going to plug somebody in, I hope we have some prior notice.

Mrs. Tinnin said she would like to put the \$94,000 back to the Police.

Mr. LaDuke said if we do this we are putting \$100,000 back into the Police if this is what the majority wants to move forward on.

Mr. LaDuke reviewed his amended list to Council.

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Mr. Cross said for #4 he would rather eliminate the assistant and keep the Director there. It is the same amount of money either way.

Mr. LaDuke said it was not his intention to hurt any existing employee there.

Discussion ensued concerning the code enforcement officer position. Mr. LaDuke said he wants to keep the certified employee because they are hard to get. The building inspector can serve a dual role out in the field and do building inspections.

Mrs. Tinnin asked what they would do with Mr. Zirnhelt.

Mr. LaDuke said he would bump down or they would absorb him through attrition. Virgil Linn is retiring in August and Mr. Eichoff is retiring at the end of the year.

Mr. Major said he can also see the Mayor coming to us with this position as a buy out too. He is close to retirement. We have never done that here but that could be a possibility too to eliminate that if the attrition situation wasn't there. It is a possibility to look at from management.

Mrs. Tinnin said she believes everything should be done in a cross trained way. During summer months we need at least 2 full time code enforcement persons all day long on code.

Mr. LaDuke said they need to come in with a part time employee in the summer like we use to.

Mr. Isham said there may be some Federal monies out there to fund that part time position.

Mrs. Tinnin said we need to put some money in for at least a part time code enforcement officer.

Mr. LaDuke said we can add it if we need it because the union contract is not going to allow you to bring in part time employees.

Mrs. Tinnin said AFSCME contract does not allow the summer help but we bring them on.

Mr. LaDuke replied but we don't lay anybody off.

Mr. Major said if that position would remain vacant, we could bring the summer employees in as we did on inspection all the time. We did that many years in a row.

Mr. LaDuke addressed Item #7, eliminate line item budget for every department except for wages and fringes.

Mrs. Tinnin asked Mrs. Foster if she is going to have transfers requested for wage and fringes.

Mrs. Foster said she hasn't looked at it yet but she probably will within the department like in Major Street because of how that is budgeted.

Mrs. Tinnin asked about General Fund.

Mrs. Foster said she does not know yet, she usually does this the 2nd or 3rd week in June. We don't close the books till September. I need to have all those transfers approved by June 30th.

Comments were made on the extra work that will be put on Mrs. Foster.

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Mrs. Foster indicated that how people are budgeted is not necessarily how they are actually charged when they are paid their wages. If Mr. Kray is working on a Federal street project, his time goes to that project and I can get reimbursed for it. If I have to keep him as he is budgeted which is 20% in local, major, building, water, sewer, I cannot put his time to that Federal project and get reimbursed for it. Mrs. Foster addressed other examples such as in FANG in the Police Dpt.

Mr. Isham said Item 7, to eliminate line item budget for every department except for wage and fringe line, he is in favor of doing it till someone shows him a better way.

Mrs. Conley, Mr. Major and Mr. LaDuke all acknowledged the same.

Item 8, Reduce funding in the IT Department and outsource this operation.

Mr. Isham said he does not like the word privatization, outsourcing, or subcontracting, but we have a responsibility. He knows Matt Stark personally from the ISD and I know how many districts are serviced by the ISD for their tech support and they do a fabulous job. If we can get the same service, if not better, and save some money. This is a tough decision to make but I see it as a budgetary savings. If our website is going to sit dormant for 18 months at a time, why even have a website.

Mr. Wells stated they have looked into improving it and one of the improvements is to make it ADA compliant. You are talking millions of dollars In the conversations I have with people and why other municipalities don't do anything with their website, they would rather not have a website. They would rather have a welcome page.

Mr. Wells asked Mr. LaDuke if he has talked with other municipalities about their website and IT people, and do most outsource it.

Mr. LaDuke said he thinks one of the first things people do that are starting to struggle with finances is look for ways. That is why the school did it and they went into a cooperative effort with the GISD because most schools had IT people and couldn't afford it so they have done this. I haven't talk to other municipalities but I know people talk about the website constantly. When he talked to the two Chiefs they gave me this company and I was very impressed with the literature that they gave me with a cost of \$12,000 to set up a website and \$150 a month. The IT person was asking \$30,000 for some help from Kettering just to do that.

Mrs. Tinnin said this person is part of the new teamsters contract. Are they going to charge the City Council with another unfair labor practice.

Mr. Isham stated we are going to honor the collective bargaining agreement, but they also have to realize management has certain rights to conduct business.

Mr. LaDuke said school districts are privatizing and outsourcing custodial. Holly just did and saved a million dollars a year. It is not personal, it is cost savings and that is really what we are

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after. Schools have been hit harder than city government, but it is coming so we need to prepare ourselves.

Mr. Wells said he would like to do more research on it before we do anything and see what other municipalities have done. Probably making one call to the MML you could find out a lot about this situation. Part of the reason we haven't moved forward is that the ADA can make you conform to their rules and we are talking millions of dollars of upgrades. That is why a lot of communities, especially smaller communities, just have a welcome page.

Mrs. Tinnin said we have had a lot of requests to allow the people in our community to pay their water and sewer on-line. We need to go further with the website.

Mr. LaDuke asked Chief Whitman if when he and Chief Halstead met with this individual on the website, were they happy with the product, service and cost that they were going to offer us.

Chief Whitman said he was very impressed but the one thing we didn't discuss was would it be ADA compliant. He could give them a call and ask him. I think he had a lot to offer and bring to the table. In fact Mrs. Heidenberger was on board with us as well when we were sitting down talking about going this route or trying to hook this guy up with the City to run our website.

Mr. LaDuke said \$150 a month is a pretty minimal fee to update your website on a monthly basis.

Chief Whitman said he presented a very impressive package and it would be one we could be proud of. The company is called Spudware.

Mr. LaDuke asked for the consensus on Item #8.

Mrs. Tinnin said for now she says no. Mr. Cross said maybe. Mr. Wells said no for right now and he wants to look further into it. Mr. Isham said he did look into it and it makes sense. He is ready to commit to it. Mr. LaDuke, Mr. Major and Mrs. Conley said yes.

Mr. LaDuke said they took care of #10. Item #11 they agreed to.

Item #12 to set up a capital fund to carry over unspent dollars – for future equipment purchases and replacement in each budget. Mrs. Foster said she will do that as part of her year end transfers.

Mr. Isham said this will safeguard those funds for that particular department and it will not be taken and put back in the General Fund.

Mrs. Tinnin asked how this will affect the General Fund.

Mrs. Foster said any savings the department has between budget and actual is a return to the General Fund.

Mr. LaDuke asked if everyone is in agreement to eliminate Council benefits and reduce the contribution to pension starting December 1, 2007. Everyone was in agreement with the date.

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Mrs. Tinnin said Mrs. Foster will have to check with MERS on the administrators and Teamsters.

Mrs. Foster explained that in a MERS group you can't have half the group contributing and the other half not. It is all or nothing. If the Teamster contract was approved and it called for a 5% employee contribution and 68-C was not approved yet, she could not start withholding on the Teamsters employees that are in the administrative MERS group, until the 68-C was approved. It has to start all at the same time.

Mr. LaDuke said he would assume that the Teamsters are going to be separate from the Administrators.

Mrs. Foster said they are in the same MERS group.

Mr. LaDuke said they are going to change and we will have to create because they are going to have to have their own. We are not going to split people. They chose to split off which is their right, and they are going to have their own group just like SEIU has their own group, AFSCME has their group and the Administrators are going to be on their own in their group.

Mrs. Foster said she does not know how that would work then.

Mrs. Tinnin said we would have to adopt a new resolution with a new unit. She asked if economically, would it be a bigger cost burden on the City.

Mrs. Foster replied that currently, we are not overall 60% funded so we can't change anything as far as increasing and I don't know for sure if we could branch off one group to another. She will have to call MERS to find out.

Mr. LaDuke said the days of employees being in one group but working in another have got to be over. We would hope 68-C follows the union contract forthwith. That shouldn't be an issue. If you find out they have to stay, we will have to live with it. But I don't think it will be a problem having one done and not the other in a timely fashion.

Mrs. Tinnin said eventually what we are looking at is trying to put everybody in one level playing pension unit.

Mr. LaDuke said he agrees.

Mr. Isham expressed with the same percentage contribution.

Mrs. Tinnin said hopefully we can make some kind of arrangement in the future to do this. To branch off into an additional unit, is creating more of a problem.

Mr. LaDuke said if the Mayor is successful in November or a new Mayor comes in, it should be a priority to get a handle on the MERS pension to put everybody in one. It could cost the City more at first, but 10 years down the line it could cost the city less. In overall, through the actuary you are going to find it is better to do it.

Mrs. Tinnin said we have to be 60% funded in order to make a change, and I don't know if trying to put people in one unit is going to work until you figure out how somebody is going to be

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compensated for what they had paid versus somebody that hasn't paid. It is something that we certainly have to.

Mr. LaDuke asked if everyone is on line for reducing Council benefits and reduced pension to the Mayor.

Mr. Wells said Mr. LaDuke said something earlier about during a campaign we can't vote on that. I don't think it will fly that we are going to do it in December either. The spirit of that law is when the new Council gets here, there is no election for 2 years, they can make that change and basically what you are doing is making the change for them. Someone might want to challenge that.

Mr. LaDuke said he would let them challenge it and we would have to put it back. I don't have a problem with that. If I am going to ask these employees to contribute, I need to contribute as a Councilman.

Mr. Wells was in agreement.

Meeting adjourned at 5:55 p.m.

jra