CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
MAY 9, 2013, 5:00 P.M., COUNCIL CHAMBERS
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The Budget Workshop was called to order by Council President Tom Martinbianco at 5:10 p.m.

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

MEMBERS ABSENT: Wells and Haskins.

OTHERS PRESENT: Mayor P. Zelenko, G. Burke-Miller, Controller, L. Moss, Deputy DPW Director, and L. Young, Clerk's Office.

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED 2013-2014 CITY OF BURTON BUDGETS.

1. **Water Fund plus corresponding personnel requests and/or capital asset requests.**

2. **Sewer Fund plus corresponding personnel requests and/or capital asset requests.**

3. **Major Street Debt Fund.**

4. **Discuss either adding a separate Sewer Capital Improvement fund and Water Capital Improvement Fund, or designating a new GL cash line item that earmarks those funds for asset improvements**.

PRESENTATION:

Mayor Zelenko said the revenue is still declining but the area east of Center Rd. is starting to pick up and she is encouraged by how the housing market is going. When preparing the budget she used the lowest income against the highest cost. The Administration has nothing to hide and requests that if the Council has any questions that they are submitted ahead of time.

COUNCIL DISCUSSION:

Mrs. Burke-Miller read the estimated revenue portion of the Water Department section on page 37 of the 2013-2014 Proposed Budget, which totals $4,284,661.00.

Mr. Martinbianco asked if they could move money from Community Development into the Water budget. He suggested using Community Development money that hasn't been committed yet, which would leverage more Federal money. He questioned the need for the water tower. The City is going to make a financial commitment with Karegnondi.

Mayor Zelenko said the Genesee County Drain Commissioner, Jeff Wright said he would come to each jurisdiction to talk about Karegnondi. It is her goal to have him here before they are finished with the Budget. Karengnondi is bonding independently with bank investors. In reference to the water tower, the DEQ will not let the City get rid of it.

Ms. Moss said in six years the water system in Burton will be awesome. The whole system will be brand new with a maintenance schedule so that we can operate on the manpower the City has currently.

Mr. Heffner said that in the early 2000's there was a blackout on the eastern grid and no one was able to pump water. After that Genesee County built water holding stations.

Ms. Moss said that Mr. Wright will be able to answer all of their questions.

Mr. O'Keefe said the biggest line item is the usage fees. They want as many people as possible to use the system and he doesn't understand why the City hasn't done anything for years. He lives on Lapeer Rd. and is on a well, not City water, but believes the City water should be made available to all residents.

Ms. Moss said 6,500 residents have City water, but there are many people who are just not tapped in because the fees are too high. Mr. Kray has been working on a way to be competitive in the cost of servicing water to the residents. It is your right as an American citizen to have clean and fresh water delivered to your home.

Mr. O'Keefe said the City fee schedule has just been cleaned up, with many fees being adjusted to be more relevant. He suggested they run a water sale to entice residents to tap into the water system.

Ms. Moss said they can look at lowering the front foot fee. She would love to have every resident tapped in to City water.

Mr. O'Keefe said people that can have water aren't tapping in and that creates a problem because the City needs to cover its costs of the system.

Mayor Zelenko said that when water rates increase the City needs to add a nickel on top of that and pass it on to the residents. Water rates are going to go up September 2nd.

Mr. Martinbianco said if rates are going up in September, 1/3 of what we are talking about is not covered. It should be 1/3 higher if revenues stayed flat.

Mr. Smith said when expenses increase, charges need to increase accordingly.

Mr. Martinbianco said the City is going to be in a better situation than they expected.

Mr. Smith they should bond for the south end and that time is on their side in the north end. The City will be dealing with smaller numbers if they do a little bit at a time.

Mr. O'Keefe said they have had no discussion on new water lines. The City has to fix the roads, water system, sewer system, and maintain adequate Police and Fire services. They need to keep the positive momentum. This City cannot cut anymore. It went from having 130 employees to 84. If projects get neglected we will be shooting ourselves in the foot.

Mr. Martinbianco said the most exciting part about the City of Burton is that it is home to seven school districts, while it maintains good property values and has low millage rates. He asked if we would be able to depreciate the Fenton Rd. project.

Mrs. Burke-Miller said it is an asset and we can depreciate it on our books.

Mr. Martinbianco said we own it because we paid for it and therefore have a legal obligation to write it off.

Mr. Smith asked for a time frame on water rate studies.

Mayor Zelenko said Greg and Dave are working on it currently.

Ms. Moss said they plan on having the costs ready and to the Treasurer by July, after the Budget is finalized.

Ms. Burke-Miller reviewed the estimated expenditures portion of the Water Department section on page 37 of the 2013-2014 Proposed Budget, which totals $3,937,834.31. She noted that the salaries for that department include a promotion for a superintendent to a foreman position and to hire an additional foreman that will be dedicated to 50% water and 50% sewer.

Mr. Martinbianco asked if there was a need for an additional foreman.

Mayor Zelenko stated she doesn’t want to have problem with OSHA and they are in need of another set of eyes. Mr. Gabriel has been the acting foreman for the past year and has done a good job.

Mr. Martinbianco confirmed the equipment rental increases are because of an increase in projects and costs. He asked if the City does water testing on its own wells and suggested it may be a better idea to just abandon them.

Ms. Moss said the City does test the water system and wells. They have talked about getting rid of wells because they have backup water supplies and there are high levels of arsenic in the wells. Mr. Wright balked at getting rid of the wells stating we need them as an alternative water supply. She said Kelly Lake will be tested monthly for water quality beginning next month.
Mayor Zelenko said there have been concerns about e-coli but levels have been very low.

Mrs. Burke-Miller reviewed the Capital Asset Requests on page 47 of the 2013-2014 Proposed Budget, which included a GMC Savana, Ford Focus to replace the meter truck and to inspect, repaint and improve the water tower.
Mr. Martinbianco asked if there was a reason they were leaning towards Chrysler and Ford rather than Chevy. He is apprehensive about the improvements to the water tower and feels it may be a waste of money if the tower becomes obsolete.

Ms. Moss said in regards to the make of the vehicles, they determined which ones they wanted according to gas mileage and price. They chose the Savanna because the meters must be kept warm which will be done with a van as opposed to service trucks.

Mrs. Ellenburg thought the water tower had already been painted.

Ms. Moss said there was only discussion regarding painting the water tower and that it never got done. The new SCADA system has many improvements including an alarm that will explain the problem.

Mr. Martinbianco asked if we are putting money away in Capital Reserve for the Casto lift station.

Mrs. Burke-Miller said in 3 years they will start putting money away. They could set up a separate GL for Casto lift station.

Mrs. Burke-Miller reviewed the Sewer Fund on page 35 of the 2013-2014 Proposed Budget which totals $4,697,175.00.

Mr. Martinbianco inquired as to the Penalties and Late Charges line items. The City cannot charge interest because they are charging a flat rate. He asked why the name was changed and suggested they change it back to Late Charges.

Mrs. Burke-Miller said the actual through April 30th is $115,917 and both numbers had been used and in existence.

Mr. Martinbianco said they don't need two separate GL that reflect the same line item.

Mr. O'Keefe asked how many households were not on City sewer.

Ms. Moss said 95% of the City is on sewer but there are a few that are grandfathered in.

Mr. O'Keefe asked if sewer was available everywhere.

Ms. Moss said it is available throughout the City and if a residence is closer than 200 feet they have to connect, otherwise, they don't.

Mrs. Burke-Miller reviewed the Sewer Expenditures on page 35 of the 2013-2014 Proposed Budget. The salaries include the promotion of Mr. Gabriel and ½ of the cost of a new foreman.

Mr. Heffner inquired about the Special Assessments of City owned properties.

Mrs. Burke-Miller said it included Mallard Ponds, Burton Estates and Trail Ridge. The City has a meeting with ReMax to try to move some of those properties.

Mr. O'Keefe asked where it was posted in last year's Budget.

Mrs. Burke-Miller said it was coming out of General Fund. The sewer fund loaned money to roads prior to her employment.

Mr. O'Keefe inquired about the Information Technology Supplies and confirmed it gets spread through multiple departments.

Mrs. Burke-Miller said Mark's budget gets allocated across all departments and then she moves the money over so he has money to operate.

Mr. O'Keefe asked what they get.

Mrs. Burke-Miller replied toner, rental copiers, service contract expenses, software and updates.

Mr. Martinbianco inquired to the imposition of the OPEB, other post-employment benefits, and legacy costs.

Mrs. Burke-Miller said the OPEB is the retiree health not including the pension.

Mr. Martinbianco said the numbers are not looking too good for Retiree Health Care.

Mrs. Burke-Miller said the City is not putting extra money into the Retiree Health Care.

Mr. Martinbianco said they need a new system where the City is not in charge of these benefits, because the City was never on the hook to begin with.

Mrs. Burke-Miller said that the active employees say it being employee funded was not what was agreed upon.

Mr. Martinbianco said there is going to be more people drawing from it than contributing. Retirees are going to have to get fewer benefits or pay more. This should not be on the backs of the active employees. He is worried how Obamacare is going to affect the City, because they may be mandated to do things they don't want to do. He wants to take from those who have been taking, not from those who have been giving.

Mrs. Burke-Miller said they may have legal issues and should speak to Rick Fanning about what they can and cannot do with retirees.

Mr. Smith said there has to be some paperwork showing how the City got to this point.

Ms. Moss said a few financially-minded employees of the past screwed over the current employees for personal gain.

Mrs. Burke-Miller reviewed the Capital Asset and Personnel Requests on page 47 of the 2013-2014 Proposed Budget.

Ms. Moss said she went through her budget carefully and made all the cuts she could. They are no longer allowed to use lead for anything in the water system and will be using copper, which is expensive.

Mr. Martinbianco asked how the foreman will be spread between water and sewer and how they will keep track of his work.

Ms. Moss said he will be split 50/50 and runs by work order.

Mrs. Burke-Miller reviewed the Major Street Debt on page 29 of the 2013-2014 Proposed Budget which has a balance $577.60 and will be left open for future bonding.

Mr. O'Keefe asked what the face value is on the bond.

Mrs. Burke-Miller replied it was about $2.1 million.

Mr. Martinbianco suggested they create a new line item to act as a sinking fund and isolate that money. Revenue bonds have a better rate than GL bonds and interest rates fluctuate based on the cost of the market.

Mrs. Burke-Miller reviewed the General Fund on page 7 of the 2013-2014 Proposed Budget.

Mrs. Ellenburg asked if the City gets a percentage of the dog tags.

Mrs. Burke-Miller said we get a percentage of the dog tags we sell here at the City.

Mr. Martinbianco inquired about Memorial Day donations.

Mrs. Burke-Miller said if the State donated a computer we must show it as revenue and expense out, but we don't depreciate. There have been funds set up under Trust &Agency such as the Firefighters Memorial and the Cancer Survivors Park.

Mr. Martinbianco said there was a Liquor Control Commission meeting where they spoke of increasing local participation money of licenses. He inquired if Mr. Bingaman was securing the highest interest we can receive.

Mrs. Burke-Miller said with a pool of money they can offset the interest with bank charges. There is more income for Community Development money for roads, sewer and water as opposed to General Fund. Mr. Bingaman has been taking tax revenue and making money off of it.
Mr. Martinbianco asked if the Administration has any money raising techniques.

Mayor Zelenko replied they will need to ask the citizens for some sort of increase. They will need to start by educating the public. We have to pay and the citizens have to help. Street lighting has been suggested to help generate revenue. The employees have given up enough. She suggested they form a Citizen's Committee to try to do these things.

Mr. Martinbianco said it will not happen in this budget, but maybe by the Fall.

Mr. Smith said this budget is pretty much set. Next year we are going to have issues. This time next year we need feedback.

Mayor Zelenko said the City is capped at 5 mil general operating.

Mrs. Ellenburg asked if raising the cap could be done on an amendment or a revision, which is an 18 month process.

Mayor Zelenko said it goes to the vote of the people to open the Charter.

Mrs. Burke-Miller reviewed the Council Department of the General Fund Expenses portion of the 2013-2014 Proposed Budget equaling $305,255.45.

Mrs. Ellenburg asked if we are paying for the taping of the Council meetings only.

Mayor Zelenko said we pay for what we are billed for. They tape any meeting that is authorized by the Mayor, Council Chair or Clerk.

Mr. O'Keefe asked how Mr. Austin's bill is divided.

Mrs. Burke-Miller replied between Council, City Hall and Assessing and water and sewer or roads when applicable. She goes over each charge on the Attorney Billing at Staff meetings and codes them appropriately.

Mrs. Burke-Miller reviewed the Mayor's Department of the General Fund Expenses portion of the 2013-2014 Proposed Budget equaling $212,326.68.

Meeting adjourned at 8:00 p.m.

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