CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
JUNE 16, 2011, 5:30 P.M., COUNCIL CHAMBERS
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The Budget Workshop was called to order by President Steven Heffner at 5:40 p.m.

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

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor P. Zelenko, J. Benthall, Police Chief, D. Halstead, Fire Chief, G. Burke-Miller, Controller, G. Kray, DPW Director, M. Snow, Clerk/Typist and J. Adams, City Clerk.

PURPOSE OF THE MEETING: Council Workshop to discuss the proposed 2011-2012 City of Burton Budget.

PRESENTATION:

Mayor Zelenko stated since the initial budget proposal, there are several things that have changed for the fiscal year 2011. Bargaining units have made no concessions, two officers retired and an officer that is transferring to the State Police. Our taxable value projections for fiscal years 2012 and 2013 changed due to State government plans to eliminate personal property tax revenue. We received correspondence from the DEQ that we must start funding our own water capital improvement plan. With all of these things in mind and some of the suggestions Council made, we provided you with some spreadsheets that show a couple different options where the major changes need to occur and in addition, everyone is supplied with a structural deficit graph from Plante & Moran.

Mr. Martinbianco advised the Mayor to be cautious of projecting things that are not at a legislative level pursuant to the discussion of personal property taxes elimination. That's not our problem at this point much like anything else we are dealing with in respect to concessions from any of the unions. He also would like to caution Council to go with what is in front of us and not prospected by what the Mayor's has told us.

Mayor Zelenko said she had a rather lengthy conversation with Senator Robertson who said that the personal property taxes elimination is on a fast track and it will happen this fall, and she believes we need to be prepared for that so these numbers were put in anticipation in the event that it happens so you can see what is in store for us.

Mrs. Burke-Miller stated her and the Mayor have run through two different scenarios:
Scenario 1. Mayors proposed Budget. No concessions from unions, Removes the assumption of health care contributions, including three officers leaving through attrition. There also was an error in the treasurer's office that has been rectified. Scenario 2 includes three officers through attrition, removal of the health care contributions, the increases and the roll ups, removing the error from the treasurers dept., removing two additional patrol officers, removing one clerk typist from the police department.

Mrs. Burke-Miller stated that along with Scenario 2, the Fire Dpt. would be increasing a couple of line items. There would be an increase of $10,000 for a new hose and an additional $20,000 for training of new firefighters. Local/Major Streets would include increases along with removing two laborers. The Water Dpt. along with the Sewer Dpt. would each lose one laborer.

Mr. Smith asked Chief Benthall with the attrition of three officers and layoffs of two officers, how will the functionality be affected.

Chief Benthall responded that there is no question they will not be able to provide the services that we are providing at this time. He is looking into a couple of scenarios he can try if we do lose police officers but it is going to be very difficult to do the job that we have in the past. The fewer officers we have the more overtime we will have, no way around it. We still have to try and maintain our services and safety. We do have reciprocal arrangements with other cities but it is not for day-to-day police work, it is for emergency situations such as a man with a gun.

Mr. Haskins asked if they have looked at a metropolitan police force.
Chief Benthall replied he likes the idea of a metropolitan police force, it is doable but you would need to let the contracts expire and then start with the Council and politicians.

Mr. Haskins stated as far as the Police Dpt. this does sound beneficial, most unions are more apt to consolidate forces instead of losing jobs.

Mr. Smith asked Mrs. Burke-Miller if maintaining at status quo, what is the dollar figure deficit wise for this years coming budget.

Mrs. Burke-Miller responded in Scenario 1, losing three officers to attrition we would lose $326,635.23 in fund balance, and with Scenario 2 we would be losing $198,890.00. After this our General Fund would be left at $1.8 million.

Mr. Smith asked at what time would we have to worry about a State takeover?

Mayor Zelenko said it is recommended that we have at least 3 months of operating expenses.

Mr. Wells questions the technology budget and whether we went out for bids on the lease yet?

Mayor Zelenko replied they did not because the budget is not finalized so we don't know if we have the money yet.

Mr. Wells inquired regarding the status of the Police Grant?
Mayor Zelenko replied she has signed the grant and we are just waiting to see if we can change our status in the event of layoffs. The grant would help save two police officers, if and when the money comes in.

Mr. Wells asked if it costs $78,000 a year per officer.
Mrs. Burke-Miller responded it is salary plus benefits.

Mr. Wells asked for the status on people that were given raises this year for taking on different responsibilities.

Mayor Zelenko responded those were not raises, they were to people who were doing a combination of jobs and blended wages were given to prevent grievances according to contract.

Mr. Wells said that is the whole purpose of cross training not to give a raise, just to keep taking care of business while people are away.

Mayor Zelenko said you can't just cross train contract employees that have very specific duties. And in some classifications in some of our union contracts that only allows that person to do it.

Mr. Kray said in the DPW there were three employees that were doing higher classification work at they're pay without being compensated, which is unfair labor. They have now filled 6 positions with 3 people for less than higher pay, which equals savings.

Mr. Wells asked how many guys are out back?
Mr. Kray responds roughly 15. There were 6 supervisors for 20 employees, but now we are down to 3 supervisors and 15 employees.

Mr. Wells asked why they couldn't eliminate either the supervisor or foreman positions and have one guy do jobs without merging the pay?

Mayor Zelenko responded we couldn't do that without renegotiating the contracts.

Mr. Martinbianco stated our goal tonight is just to get the best offer, see what the unions were willing to give up, and make the city more efficient. He also feels a metro police department may be good and he knows there will have to be an increase in the economy before things get better. He is good with scenario #2, and with the figures given from Ms. Bassi; 2012 and 2013 will be worse because we are looking at another 10% decrease in property tax income.

Mr. Heffner calls for a recess at 6:35p.m.
Meeting resumed at 6:50p.m.

Mr. O'Keefe stated this is his first year on Council but the way he sees it, the structural deficit started a few years back and not just this year. If he has to choose he would be in favor of Scenario #1. He does not want to lose officers even though it would cause a big loss to General Fund.

Mr. Haskins said he believes there will be grant money to bring the officers back. He also requests copies of union contracts.

Mayor Zelenko stated that any Council member could FOIA the contracts at no charge.

Mr. Wells asked how long the police grant is good for?
Mayor Zelenko replied it would pay 3 years for two entry-level officers.

Mr. Wells asked when officers would be leaving?
Chief Benthall replied they are leaving in a week or two.

Mr. Wells asked if there is still time for unions to make concessions.
Mayor Zelenko stated she hopes the unions will change their minds but it will be after the fact, and it will be too late.

Mr. Martinbianco stated we must pass the document as presented, but it can be modified.

Mr. Heffner asked Mr. Kray to go into the capitol water improvements that the DEQ is forcing us into.

Mr. Kray said based on the condition of our overall water system; the DEQ is forcing us to come up with a capitol improvement plan to show how we are going to fund the replacement of our deteriorating water system. This money is not in our budget nor has it been in the past but they are making us show where we plan on coming up with the funds and replacement strategy.

Mr. Martinbianco suggests maybe State Rep. Smiley can come up with a bill that exonerates cities that are older than 35 years old so that within the next ten years we can budget and plan.

Mr. Kray said based on a ten plan, we are looking at $150,000 to $200,000 a year. We have got to start building money now.

Mr. Martinbianco said the north end of Burton is not going to be happy that they have already paid in full for their systems, and now they are going to be expected to replace a deteriorating system.

Mr. Kray responded that he sees one system no matter which end of town you are on. The south end may need replacing now but eventually the north end will need to be replaced also. We also have plans to save money to continue on with our road repairs.

Mr. Wells asked Mr. Kray if the $1.5 to $2 million we need to fix the city waterlines need to come strictly from the City of Burton or is this something we can get the County to come in and help.

Mr. Kray responded that portion is just for the City of Burton's waterlines that we own. We have to install new iron water main, it is work that we can do or have contracted.

Mayor Zelenko said the DEQ requested documentation regarding our plan to replace and improve. They will be sending out someone to do an onsite evaluation, and at that time share with us our options of funding.

Mrs. Ellensburg asked if this is something that has been dropped on us or is it something that we should have been doing all along?

Mayor Zelenko responded there is indication that this was coming a while ago driven by the new Governor and Legislature.

Mr. Smith said neither of our scenarios is tasteful. He would have to do Scenario #2 and he is only declaring this so that residents and employees have a chance to come to Monday's Council meeting to voice their opinions to the Council.

Mr. Martinbianco stated the roads are in very bad condition and we need to do something soon whether it is contractual, in-house or if we hire the Road Commission. Mr. Martinbianco stated further in regards to the Fire Dpt., $20,000 is for new equipment.

Mr. Haskins said $20,000 would still leave us roughly $20,000 short for our new hose alone. It may be possible to transfer excess funds from new hire back to new equipment.

Mr. Heffner calls for recess at 7:50p.m.
Meeting resumed at 8:12p.m.

Mr. Martinbianco said he would like to start by discussing General Fund. He has a question regarding election salaries and wants to know why with Scenario #2 there was a $19,000 increase.

Mrs. Adams replied this past January there was not an election plus with school budgets tightening down we are expecting to have to provide more with the school elections.

Mr. Martinbianco asked why there was an increase between the two scenarios?

Mrs. Burke-Miller replied that with Scenario #2, it may be a higher salary employee bumping in and there would be two employees, and with scenario #1 it would be only one employee in the Clerk's office.

Mr. Martinbianco questioned if there were any changes in salary to the Assessor's office.
Mayor Zelenko replies that there would be an increase in the Assessor's salary per the Charter.

Mr. Martinbianco questioned the increase in the Controller's office?
Mayor Zelenko replied it is only the contractual increases.

Mr. Wells questions why there is such a large difference in salary numbers from one scenario to the next in the Treasurer's budget?

Mrs. Burke-Miller replies that was her error.

Mr. Martinbianco asked why the difference in postage?
Mrs. Burke-Miller replies it is because we did not consider that a third party handles our water & tax bills.

Mr. Wells inquired under land equalization what line item are the properties that the city has taken over? Mr. Wells also asked if there are any final numbers from the Memorial Day event?

Mayor Zelenko replies it was just under $4,000.

Mr. Wells inquired who is included under salaries in the inspections line?
Mr. Kray responded that it would be the construction inspector Phil Panchula.

Mr. Martinbianco said under inner fund transfers, we see a couple of major deviations, transfer to Fire Dpt., transfer to Police among transfers to other funds. He asked why the transfer has a difference of $160,000 between the two scenarios.

Mrs. Burke-Miller replied it is just the difference of officers leaving through attrition and the officers that are being laid off.

Mr. Wells asked where we stand with delinquent water/sewer bills?
Mrs. Burke-Miller replied it is to her understanding that they are applied to the tax bills if unpaid.

Mr. Wells asked how the line item in police for gas and oil went down with increasing prices?
Mrs. Burke-Miller said we mentioned this last time we have fewer vehicles on the roads.

Mr. Heffner asked if community service workers could wash police cars to save on carwash expenses?

Mayor Zelenko responded if we did use community service workers it would have to be organized and supervised.

Mr. Martinbianco expressed that in the fire fund there is an increase of $30,000 from Scenario #1 to Scenario #2 on the revenue side.

Mrs. Burke-Miller said that that would be for new equipment and new hires, but it appears the line item for new equipment should read $50,000 instead of $20,000, and training should be $14,000 instead of $24,000.

Mr. Wells suggested paying to train an officer to be able to certify the fire equipment in-house.
Mr. Haskins said that was already proposed by the Fire Chief previously.

Mr. Wells said he feels we should start doing fire inspections again for safety reasons.

Mr. Heffner calls for recess at 9:25 p.m.
The meeting resumes at 9:55 p.m.

Mr. Martinbianco asked Mr. Kray how his wages are spread against the funds?

Mr. Kray replied that he oversees 5 departments: water, sewer, local roads, major roads, and the building department. Originally his salary was split evenly 20% each. After seeing how many are in each department the portions have been refigured so sewer has been changed to 30% and the building department is being charged 10%.

Mr. Martinbianco inquired as to the number of times a year chloride treatment is done on the dirt roads.

Mr. Kray replied it used to be three but we have backed it down to two times for a cost of $30,000.
Mrs. Ellenburg asked the number of roads this covers?

Mr. Kray replied it is thirteen miles of dirt road.

Mr. Martinbianco said looking at construction costs in Major Streets, do we have sufficient funds to pay for the completion of these projects?

Mrs. Burke-Miller replied yes, there are sufficient funds available but she is still unclear on what projects are out there that we still owe on.

Mr. Heffner asked Mr. Kray if the $70,000 in contractual services are for road markings?

Mr. Kray replied that road markings and sweeping are contractual services we use for Major Streets.

Mr. Smith asked why there is such a large difference between the two scenarios in the salary line?

Mr. Kray responded that the difference is in Scenario 2, there are two less laborers because we need to save money to fix the roads, along with one sewer laborer and one water laborer cutting four from the DPW all together.

Mr. Smith questioned why fringe benefits stayed the same in Major Streets?
Mrs. Burke-Miller replied the total amount was subtracted from salaries permanent.

Mr. Heffner calls for a recess at 10:30 p.m.
Meeting resumed at 11:07 p.m.

Mr. Heffner asked Mr. Kray if there is money budgeted for grinding of the railroad tracks.
Mr. Kray replied that the railroads are responsible for their own crossings.

Mr. Heffner inquired regarding the tracks that run along Court that the City paved over and are we responsible for the grinding.

Mr. Kray responded we are not allowed to work in the railroads right of way but he will contact them to make arrangements for us to fix it.

Mayor Zelenko said it is our understanding that we do not take care of railroads or their right of ways but we will check into it.

Mr. Martinbianco said based on last years figures, he feels that a few line items can be adjusted starting with the contractual services line item in Scenario # 2. That number should be reduced by $20,000 to $50,000. He suggests reducing the line item of drainage from $15,000 down by $5,000 to $10,000, including reducing the line for drainage contractual service down to $45,000, reducing equipment rental down to $75,000 from $90,000. His other concern with major roads would be with winter maintenance knowing that it depends on weather conditions. It would be safe to reduce from $150,000 to $100,000 with respect to Major Streets.

Mr. Haskins said he would second those suggestions.

Mr. Matinbianco said that in the IT Department, he would like to see the line item depreciation expenses put under direct expense as opposed to a non-operational expense. In regards to Capital Improvements, we had discussed getting additional servers and we were able to come up with enough money to replace one of those. Mr. Martinbianco asked Mr. Udell how much the new server would cost?

Mr. Udell replied roughly $8,000 per server but after replacing one this year, there are two more that need to be replaced.

Mr. Martinbianco asked Mr. Udell if the new phone system is included in the IT Department budget or City Hall’s.

Mr. Udell responded it is under the IT Department’s budget under Capital Improvements.

Mr. Martinbianco said regarding the Water Department, he anticipates the water charges to be higher but that will be when Detroit passes down water increases. The revenue side seems about the same in both scenarios, and on the expenditure side every thing seems pretty consistence except for the deviations in case of layoff wages, fringe benefits, etc.

Mr. Martinbianco mentioned line item 77 on contingency and asked why in the Mayor’s scenario it is $28,000 and under Scenario 2 it is $89,000?

Mrs. Burke-Miller explained that the line item is a contingency surplus in order to make the revenues and expenditures balance. We are not dipping into the fund but it is actually a positive.

Mr. Smith asked if the difference between the two scenarios’ wages is from the possible layoffs. Mrs. Burke-Miller replied yes.

Mr. Haskins said he is quite surprised that we can do without four laborers knowing our DPW's workload.

Mr. Kray said sometimes whether it is a good situation or not, finances can dictate your core of action.

Mr. Martinbianco said the DEQ is requiring us to come up with a financial plan to remediating the issues that we have on a capital sense on the south end, and it was already demonstrated by the DPW Director that we are going to treat the entire system and every resident under that system the same.

Mr. Haskins said he doesn't understand how the layoffs are going to even dent the cost of fixing the south ends water mains, especially when ditching is three years behind.

Mr. Martinbianco said regarding the Sewer Department's budget, the two scenarios seem pretty consistent, and the difference between the two scenarios being in the case of layoffs, he would expect an increase in contractual services due to layoffs but he does not see that in the current years budget. In this case, we are dipping into our fund balance in the event to offset some of the operational costs.

Mrs. Burke-Miller said in Scenario 1, it includes rollups and increases and Scenario 2 is less one clerk/typist and less one laborer but includes the rollups and increases.

Mr. Martinbianco said in Capital Improvements, it does not show a difference in either scenario. It just states the proposal from the Mayor to do the phone system and computer upgrades along with the website.

Meeting adjourned at 11:45 p.m.

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