CITY OF BURTON
COUNCIL BUDGET WORKSHOP MINUTES
MAY 10, 2011, 6:00 P.M., COUNCIL CHAMBERS
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President Steven Heffner called the Budget Workshop to order at 6:06 p.m.

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

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor P. Zelenko, G. Kray, DPW Director, G. Burke-Miller, Controller and M. Snow, Clerk's Office.

PURPOSE OF THE MEETING: COUNCIL WORKSHOP TO DISCUSS THE PROPOSED 2011-2012 CITY OF BURTON BUDGETS, AS FOLLOWS:

1. **Water**
2. **Sewer**
3. **Major Streets**
4. **Local Streets**
5. **Motor Pool**
6. **Inspection**
7. **Sewer Debt**

<u>Water pg. 38</u>
PRESENTATION:

Mrs. Burke-Miller said there is an $18k budget for City tap-in fees, a revenue of $7k, usage fees are estimated at $3.5 million, inspection and approval fees $12.5k, labor charges $1,200, service charges $45k, equipment rental sales $275, materials, repairs and maintenance $6k, late charges $96k, interest income of $3k, tap-in interest $3k and miscellaneous is $3,500. There is roughly $35k projected. A good portion is due to equipment sales for the current fiscal year.

Mrs. Ellenburg asked if equipment was replaced or if it wasn't needed and was just sold.

Mrs. Burke-Miller replied she is not aware of what items were sold.

Mr. Martinbianco asked if the tap-in fees are reoccurring. There was a spike in Front foot fee revenue and useage fees due to the increase in water rates. He asked if the County has presented anything to the City.

Mr. Kray said the City allows residents to pay over a number of years, so some of this may be from previous years.

Mayor Zelenko said she was told that Detroit would be passing an increase of about 22 cents per 150 feet onto the residents.

Mr. Martinbianco said it is outrageous that they are thinking about doing that since we are paying their sewer service on the backs of our water customers. He thinks Mr. O'Brians logic is ineffective.

Mrs. Burke-Miller said for expenditures, administrations salaries are at $37k, supervision salaries at $30k, salaries permanent $361k, fringe benefits $282k, OPEK expense $77,250, office supplies $4,600, IT supplies $51,738.31, postage $16k, operating supplies $22k, repairs and maintenance supplies $9,500, sand and gravel $1,800, pipe and fitting $50k, audit $10k, bill charges $4k, regular charges of $19 million, contractual service $55k, contractual water testing $10k, dues and membership $5k, conference and workshops $1k, insurance $17k, utilities $20k, equipment rental $100k, miscellaneous $4k, paving assessments $800, contingency $12k, depreciation expense $365k, revenue bond principal $150k, discount on revenue bonds $1,700 revenue bond interest $94,500 and revenue bond agent fees is $350.

Mr. Heffner asked what kind of equipment we rent for $100,000.

Mr. Kray said that without detail, it is hard to give specifics.

Mr. Martinbianco added it could be anything that the motor pool has. Mr. Kray said we rent from the motor pool, which has the equipment. Every time the department has to use it, that is considered a rental.

Mr. O'Keefe asked what the difference is in the contingency from $73k down to $11k.

Mrs. Burke-Miller said contingency is how much we're going to be adding to the fund balance. It gets added to the expenditure side even though it is a surplus.

Mr. Martinbianco said paving assessments keep showing up as a linear item each year. He asked if these streets are under our jurisdiction that we have to pay the water department.

Mrs. Burke-Miller said we have the rates showing a health insurance increase of about 10-12%. She said this a very good rate because we are self-insured. She has done an analysis with rates she had from another organization, which has done very well. We have saved $517,000 and are only paying for claims submitted by our workers, however we must have something on the books for every department so we have rates that Blue Cross came up with. We also keep track of how we are doing claims wise versus the presented numbers.

<u>Sewer pg. 37</u>
PRESENTATION:

Mrs. Burke-Miller said tap-in fees are at $5k, usage $4.1 million, inspections $100, service charges $2k, late fees $130k, penalties $7,500, interest income $15k, tap-in interest contracts $800 and contingency revenue is at $300k.

Mr. Martinbianco said there is a zero balance in interest payments for local streets. A year ago, through an amended budget one of the stipulations was that local streets would pay some principal and interest over an extended period of time back to the sewer fund. There should have been some interest shown in 2011 and definitely 2012.

Mr. Smith questioned the contingency revenue and asked why the numbers are so high.

Mrs. Burke-Miller explained that when you have contingency revenue on the revenue side, it is easier to look at the area on the bottom. Numbers are reflected under retained earnings. A

negative means a decrease in the fund balance. You have either a net income or a loss. Interest rates have dropped to .2 % for a CD. Information Technology has been increased because of situations with servers and computers. She clarified that retained earnings beginning balance should read
$36,683,541.00. This will change the projected earnings to $36,573,963.66, with projected retained earnings at $36,277,940.88.

Mr. Martinbianco said the average daily sewer usage was 1.176 gallons from 1.289 and 1.436 for the previous years consumption. He feels treatment expenses are extremely high and would like to know how the Drain Commission came up with their numbers and what they are based on. There is no way we should be getting that large a bill due to the vacancies throughout the City, which also means there is no treatment being done to those homes.

Mr. Wells asked what is involved in the treatment cost.

Mayor Zelenko responded it is mostly chemicals and electricity.

<u>Major Streets pg. 20</u>
PRESENTATION:

Mrs. Burke-Miller said there is supporting detail on page 33 for backup. Revenues shows right of way permit fees of $2k, gas and weight tax $1.9 million, State of Michigan right of way maintenance fees $47,250, Federal and State construction $880k, interest income $925, miscellaneous $250 and contingency $11,038.23. Expenditures of construction is at $1 million, surface maintenance $367k, trees and shrubs $21k, drainage $263k, traffic signs $114k, pavement mark $70k, winter maintenance $276k, roadside cleanup $18k, administration $43k, MTF/LRP transferred to local streets $385k and transfer to debt fund $271k.

Mr. Heffner said there is a little over $1 million for the construction fund. He asked Mr. Kray if there were any projects slated for resurfacing any roads.

Mr. Kray said there are a few roads he would like resurfaced. Depending on the budget, the DPW will be starting a bridge project in a few weeks.

Mr. Smith said with the price of gas, the City might not make up the money the City is projecting.

Mrs. Burke-Miller said she estimated it to be at $1.9 million for the current year.

Mr. Martinbianco said the logical scenario is as the price of gas goes up consumption goes down.

Mr. Smith asked why the increase in winter maintenance. She responded, she projected salt at $70k, which is slightly higher and she increased equipment rental.

Mr. O'Keefe asked regarding the detail page 33, if there is Federal money out there.
Mayor Zelenko said she has a meeting with John Daly of the Road Commission to discuss possibilities. She said it is about $50k per lane mile to resurface.

Local Streets pg.19
PRESENTATION:

Mrs. Burke-Miller went over the following: gas and weight tax $500k, State of Michigan right of way maintenance fee $70k, interest income $500, transfer from major streets $385,190, community development $77k, contingency of $215,777.34, expenditures construction $77k, surface maintenance $414,780.66, trees and shrubs $28k, drainage $344k, traffic signs $21k, winter maintenance $269k, roadside cleanup $8,400 and administration $87k.

Mr. Haskins asked how it would affect the City if the roads were handled by the County and if there might be a savings for the City if that is done.

Mayor Zelenko responded that she is looking into that as a possibility. It was a hard winter and the salt didn't work very well.

Mr. Martinbianco asked why this subject was brought up seeing that Mr. Haskins wasn't concerned about winter maintenance. He would not want to have his money going towards that when we have a motor pool that addresses all the City's issues.

Mr. Haskins again clarified that he does not want to see that happen, but simply wondered what the difference was as far as price.

Mr. O'Keefe said we ought to look at micro surfacing the roads to get us through the next 2 years.

Motor Pool pg. 41
PRESENTATION:

Mrs. Burke Miller said salaries permanent are at $73k, equipment maintenance $33k, fringe benefits $62k, IT $20k, culverts $11k, gravel $40k, gas and oil $130k, insurance $43k, tools and equipment $30k, lease expense on the building$15k, lease expense equipment $38k, salt $195, signs $2,500, operating supplies $85k, building maintenance supplies and janitorial $9k, audits $4, contractual services $4,700, utilities $17k, equipment repairs $250k, freight $3,500 and depreciation expense $220k.

Mr. Heffner asked the number of full time employees in DPW. Mr. Kray responded there is 2 plus a supervisor, which is Jesse Southard and Eric Gubancsik, the City's 2 mechanics.

Mr. Smith asked what the increase per week would be per gallon if gas goes up. Mr. Kray said about $300 more per week.

Mr. Martinbianco feels there are many Burton vehicles on the road and wondered how the trucks are monitored to and from each job sight and how it is charged when it comes back to the purchasing agent.

Mr. Kray said the department is charged by the number of hours the vehicle is out.

Mr. Martinbianco suggested calculating the charge by the number of miles rather than hours.

Inspection pg. 27
PRESENTATION:

Mrs. Burke-Miller said salaries are at $53k, floater salary $5,500, fringe benefits $35k, office supplies is budgeted at $10k but $3,600 of $8,880 should have been coded to miscellaneous expense from the prior year. IT is at $3,100, postage $100, conferences $150 and equipment rental $13k.

Mr. Wells asked who does the fire inspections.

Mayor Zelenko said Chief Halstead does the inspections.

Sewer Debt pg. 45
PRESENTATION:

Mrs. Burke-Miller said under contingency we show $47k and a transfer out of $47k. She was uncertain how to explain this since she hasn't been here very long.

Mr. Martinbianco said it was to be kept open due to charge backs. He suggested it be left available for another 4 years. He added that Belsay Rd. north of Potter has numerous sewer leads bumped up. He has had complaints from residents that their houses shake, so this needs to be addressed through the Road Commission.

COUNCIL DISCUSSION: None.

Meeting adjourned at 7:07 p.m.

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