

CITY OF BURTON

FINANCE SUB-COMMITTEE MEETING MINUTES

The Finance Meeting was called to order by Keith Cox, Chairman, at 10:05 A.M.

MEMBERS PRESENT: Centilli, Cox and Martinbianc.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor Charles Smiley; B. Becker, Treasurer/Controller; J. Major, DPW Director; A. Walls, Council Member and T. Hammon, Council President.

PURPOSE OF THE MEETING: Discussion and Possible Recommendation
Concerning
County Road Financing.

PRESENTATION:

Mayor Smiley gave an overview of the meeting between Bill Ayres, County Road Commission and the Mayor and Council Members Centilli, Cox and Walls. He explained that the purpose of the meeting was two-fold. One is for the inter-governmental relationships and the other was to acquaint Bob Centilli, as the new Council Member. Mayor Smiley said the meeting was productive and the outcome is that the City Council approved the payment of the \$10,000 debt owed to the County and there was talk about fixing 17 miles of roads in the City of Burton. Through the discussions, the cost of fixing the roads went from \$336,000.00 to \$196,000.00. Repairing the roads is long overdue and something that benefits all of us. We need to have our county roads in as good a condition as everyone else, if not better. Having better roads is also an economic development tool.

The payment of the road repair can be done several different ways and it is up to the City Council as to how payment will be handled. That is the reason for the meeting today, to discuss this issue.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh St., asked several questions concerning the road

repairs. She asked about the types of resurfacing being considered to repair the roads. She also asked what type of resurfacing was used on Davison Road by Schafer Dr. in 1993. She said if the Council is sincere in borrowing money for the road improvements from the debt fund, where will you get the collateral?

Laurie Tinnin, 2340 Harmony Dr., said she had reservations of where the money will come from to pay for the road improvements. She said the Major Street fund does not have enough money to pay for the major street improvements, because of a deficit in that budget.

COMMITTEE DISCUSSION:

Mr. Centilli asked how much money is currently in the Major Street Fund?

Mr. Becker replied that the unaudited fund balance for Major Streets in 1997 is \$325,000.00. This amount was close to what was proposed in the April of this year. What is in the Major Street Fund represents close to what is in the bank account. When we first got into this discussion with the County, the first proposal was \$400,000.00 with a match from the County. We explained that the City didn't have this kind of money to match, but we had some funds to work with. Now the proposal is down to \$195,000.00 and we do have enough money in

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Major Street fund. We have to have some cushion, but I think \$100,000.00 is sufficient to have as a cushion. If we borrow money to do the roads, there would be approximately a \$35,000 interest expense and if you use the money out of the fund, there will an interest loss, but not \$35,000 worth of interest.

Mr. Centilli confirmed with Mr. Becker that no major street projects are being done from this fund at the present time.

Mr. Major said the road projects will not be done this year, so we have the

extra \$60,000 in that construction budget.

Mr. Becker said the City will receive additional revenue from the State by the new Act 51 Law, so Burton could possibly receive \$146,000 for both local and major streets. We don't know the exact amount for each fund, but based on a previous formula, about \$105,000 would be for major streets and \$41,000 for local streets. Out of the \$105,000, we have historically transferred 25% to local streets.

Mr. Martinbianco asked if there was a bond dropping off next year. Mr. Martinbianco said given the additional gas revenue anticipated, it wouldn't take to many years to replenish the major street fund.

Mr. Becker said there are three major street bond issues. One was dropped in February of 1997, the second bond issue will expire in February of 1998 and the third bond issue expires in 2001 with annual payments of \$70,000 - \$80,000. We will see a real savings after this year of \$293,000.00.

Mr. Martinbianco said he is concerned about the changes that Act 51 may take and there may be transfers of some of those County majors over from the county to the state when this whole thing expires in 1998. Another item of concern, and should be articulated to the Road Commission, is that our planning and our course of growth and development has to play a part of what they intend to package in the future.

Mr. Martinbianco also spoke about the poor job of subsurface work that was previously done on Belsay Road. There needs to be a thorough look at the subsurface work that will be done before doing any type of top surfacing. Also, we should look at the proposal that was on the table, via Don Parks, for Vassar Road resurfacing from Atherton Road to Lapeer Road and that section of Genesee Road between Bristol Road and Maple Road that was at one time on the program.

Mayor Smiley responded by saying Lapeer Road, from Center to Belsay, Mr. Ayres

is willing to add that to the map, but that is back to the 50-50 formula.
We
just need to give the okay. Vassar Road, Mr. Parks will participate
tomorrow
if the Council gives the authorization. The difference being, Vassar Road
is
called a county secondary road, not a county primary road. Davison pays
50%
and Burton pays 50% with the County paying the engineering costs. They
don't
participate in county secondary roads. Mr. Parks is eagerly waiting for
this to
be done and our share is about \$60,000.

Mayor Smiley said Mr. Ayres and Mr. Centilli suggested having committee
meetings
and see how much money the City wants to participate and create a better
road
system rather than wait 20 years down the line. The Council President
could set
up a two or three member board to meet with Mr. Ayres on a regular basis
regarding this issue.
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Mr. Cox stated it is important that Burton help to decide what roads need
to be
taken care of because of the new development and growth in the City.
Meeting
with Mr. Ayres annually or biannually would help that situation.

Mr. Cox said if the City wants to participate in Lapeer Road paving, it
is back
to the 50-50 share and again, Don Parks would like that to be done. After
hearing what Mr. Becker had to report financially, we are in good shape
and not
in a deficit like what we heard earlier.

Further discussion continued regarding the financing of the road
improvements.

Mr. Major said possibly in the future, we will be able to do a few cash
projects
year after year for awhile.

COMMITTEE RECOMMENDATIONS:

Centilli moved and Martinbianco seconded the following motion:

1. Approve and authorize the recommendation to the full Council that the
Mayor

and Clerk enter into an agreement with the Genesee County Road Commission, on behalf of the City of Burton and its City Council, to resurface certain existing roadways under the jurisdiction of the Genesee County Road Commission as outlined on Exhibits A & B, contingent upon passage of Senate Bill 225, in an amount of (not to exceed) \$200,000.00 City share, with a transfer from the 1997-98 Major Street Fund Balance.
Motion carried 3-0.

Meeting Adjourned at 10:57 A.M.

Cheryl M. Ladd, CMC/AAE
Deputy City Clerk

CML