

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
MARCH 6, 1998, 10:30 A.M., COUNCIL CHAMBERS

The Meeting was called to order by Keith Cox, Chairman, at 10:35 A.M.

MEMBERS PRESENT: Cox, Cross and Martinbianco.

MEMBERS ABSENT: None.

OTHERS PRESENT: C. Abbey, Personnel Director; J. Major, DPW Director; B. Becker, Treasurer/Controller; D. Halstead, Fire Chief; R. LaDuke, Building Supervisor and C. Ladd, Deputy Clerk.

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS
CONCERNING:

1. MERS for SEIU
2. Purchasing Fire Department Vehicles
3. Memorial Day Parade/Festivities
4. Black Creek

PRESENTATION:

MERS FOR SEIU:

Mr. Abbey recapped the situation regarding MERS for SEIU. He said the contract was approved with much give and take. When the resolution was previously presented to the Council, the language showed \$0 contribution by the employees. There have been problems with increased costs in the MERS program.

Mr. Becker stated there have been discussions with MERS in getting accurate contribution rates. We received a letter from MERS, dated December of 1997 asking if the City had made a decision of what the individual contribution rate would be. We got caught up on the payments with MERS and as of November, we were clean. In December, the City Council passed a resolution to revise MERS contribution rates for this unit, effective December 1, 1997. When employee contribution changes, MERS must have a resolution passed by the governing body to that affect. I sent a letter to MERS asking to have our invoices reflect the changes, and I was written back that the invoices would not be revised until the resolution was passed and signed by the City and sent to them. There is a Letter of Understanding signed by management and the union. You based your decision in December on this letter. Mr. Becker continued to explain the requirements that must be met so MERS will make the necessary changes in the future invoices.

Mr. LaDuke said this is a complex issue and perception has been bad. He suggested that the resolution be adopted in two parts, one setting the employee contribution rate at 21.85% for the period from July 1, 1997 through November 30, 1997. The other would be to set the MERS employee contribution rate at 0% effective December 1, 1997 based on Council action of December 1, 1997.

PURCHASE OF FIRE DEPARTMENT VEHICLES:

Doug Halstead, Fire Chief, said he received a fax 10 minutes prior to the meeting on a quote. He said when he spoke with the company, the price quote was a verbal commitment. He said he has another quote with the actual price of the trucks. The Chief explained that by purchasing two vehicles, he would be getting a discount. The question becomes, where to get the funding for the vehicles. One of the trucks would be a rescue vehicle, which is a medium to heavy truck and this would be placed at Fire Station #2. This vehicle costs out at \$140,000.00 of which the Fire Department has \$109,000.00 set aside in Capital Improvement Funds, earmarked for this truck.

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There would be a balance of \$31,000.00, which I am requesting from the general fund. The other truck is a squad truck and the cost of this one would be \$103,000.00. We could use CD funds in the amount of \$51,000.00 because the truck would be assigned to Fire Station #1. A balance of \$52,000.00 would be left and I am requesting this amount be borrowed from another CD source, to be paid back with next years truck allocation. The discount we would receive by purchasing both vehicles, saves a great deal of money toward the purchase of other vehicles. Chief Halstead asked the Committee to find a way to purchase the two fire trucks.

MEMORIAL DAY ACTIVITIES:

Mr. Abbey said the Mayor is unavailable to attend the meeting today and asked him to attend the meeting. He said they have put the numbers together from last year and have had calls asking what we are doing for this year. The Mayor's letter gives the list of items and costs involved. (see attached)

BLACK CREEK:

Mr. Major said he found a letter dated August 7, 1997 which outlined the closing of the case for Lapeer County Drain Commission Lagoon System, where the wetlands permit was terminated. There was to be no cost to either party. We have received all the invoices and the final amount is \$11,514.43. The County got out of the litigation because they said they ran out of funds. It will be hard to recover our costs from Lapeer County because they are our partner in the project of the Genesee County sewer system. There was money used to offset cost of Northeast Lapeer County with 183 units in the amount of \$18,300.00, paid by the County. Each lake property owner will have to pay \$20,000.00 plus \$10,000.00 tap-in fee over a 20 year period. It doesn't offset our costs to any degree. It's Don Parks opinion that we don't go back and sue your partner. I got this information from Don Parks.

AUDIENCE PARTICIPATION:

MERS for SEIU:

Pauline Dargel, 6119 Hugh, asked whose perception Mr. LaDuke was referring to. She was advised, Council's perception.

Karen Howe, 6051 Bellingham Ct., asked if there is a contract that is legally binding, with 0%, couldn't this be a problem in the future.

Mr. Cox replied that the contract also says there are other concessions given by the union. He said the MERS resolution says the City is paying, but a portion of that payment is coming from the employee's contribution.

PURCHASE OF FIRE DEPARTMENT VEHICLES:

Pauline Dargel, 6119 Hugh, said she sees the purchase of the fire trucks as a need for the City and it sounds reasonable to use CD money to help pay for the one at Fire Station #1. The money could be taken from Burton Neighborhood Housing and put into this type of need.

MEMORIAL DAY ACTIVITIES:

Pauline Dargel, 6119 Hugh, said in some of the other communities such as Davison and Montrose, the Chamber of Commerce gets involved and helps pay some of the costs. She noted she not like to see another event take away from the wonderful experience of last year. Memorial Day is one of those days we want to take note of , as well as the different patriotic organizations in this town. However, she doesn't think \$20,000.00 should be spent on this event.

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Louise Rose, 3097 S. Belsay Rd., said she worked on the Parade Committee last year, as well as the road race. She said there was no budget set for road race, and through the efforts of the committee, funds were raised to help offset the expenses last year. As far as the parade is concerned, there are very few participants who are paid. She said she would be interested in working on the committee. She said when she worked on Mayor Stanley's fund raiser, the fireworks were paid for by the different businesses. Any money that was left over after the event, was allocated for the next year. We started the first road race in Genesee County being held along with the parade. We had about 10,000 people come in for this event, which can also bring in added funds.

Val Rose, 3097 S. Belsay Rd., said should the Committee appropriate the funds requested and the businesses were solicited and those funds off-set the costs, there should be no problem with taking that money back and putting it back in general fund. He said we should encourage as many donations as possible to help offset the costs.

Mr. Becker said this is the same issue as the Veteran's Memorial when dealing with donations. If you want to have a project, set a cost amount and work from that. If you receive donations, you have a choice of whether to add those donations to the set amount or to take that off the top of the set amount.

Mr. Abbey said we don't want to get into the same problem as before. We need to set an exact budget, up to \$20,000.00, and if donations come in, this will help offset the expenses. He said he would be attending a Chamber of Commerce meeting next week and would speak to them concerning this issue. We want to recoup all of the costs possible.

Karen Howe, 6051 Bellingham Ct., said last year's event was wonderful and if are going to have this event each year, we should have a planning committee and it would be their job to raise funds throughout the year. If the money increased, then the amount of the activities should increase.

BLACK CREEK:

There was no one in the audience who wished to speak.

COMMITTEE DISCUSSION:

MERS FOR SEIU:

Mr. Martinbianco stated that Mr. LaDuke made a proposal, but will MERS allow the resolution to be done in two parts?

Mr. Becker said the resolutions can be worded many ways, as long as it says 0% match by the employee. They want the standard form used that they sent to the City. This form has to be sent to MERS and we will have to attach a certified resolution passed by the City Council. MERS is very specific in having us fill out the standard form and getting a copy of the Council's resolution.

PURCHASE OF FIRE DEPARTMENT VEHICLES:

Mr. Martinbianco asked where Chief Halstead would get funds in the amount of \$109,000.00.

Mr. Becker explained that in the adopted budget, the Capital Improvement funds reflect \$119,000.00. There was \$50,000.00 plus in June, there was a transfer of funds in the amount of \$19,000.00 of additional funds that were not spent. In the current Fire Department budget, there is an additional \$50,000.00. During the upcoming budget

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discussions, we will try to see where the Fire Department would be in the current fiscal year. They are also incurring higher wages and higher maintenance costs, so that \$119,000.00 actually becomes \$109,000.00.

Mr. Martinbianco questioned the amount of the CD portion still remaining in the budget.

Mr. Becker replied all of the 1997 allocation is in the budget. The 1998 allocation of \$25,539.00 won't be released until May or June of this year.

Mr. Martinbianco asked how long a time frame before the vehicles would be available.

Chief Halstead replied 6 to 9 months before they would be ready. We have to pay \$37,994.00 on the chassis to receive the \$17,000.00 discount. I would still need an additional \$15,000.00 plus, which would have to be borrowed at that time as part of that loan. Chief Halstead said there would be additional costs for outfitting and the vehicle at Station #2 has an oil leak and the truck is not driving very well. It was a used vehicle from DPW, when we received the rig. A new chassis will be diesel operated, as opposed to the gas rigs and will be under warranty.

Mr. Martinbianco asked how much cost has been incurred from the existing vehicle.

Chief Halstead replied \$12,000.00 has been spent on the used vehicle from Station #3 to get it into service.

Mr. Martinbianco said if the Chief had to prioritize the vehicles, which vehicles is the department in the most need of having? Chief Halstead replied he needs pumps. The average cost of these are \$250,000.00.

Further discussion was held concerning the needs of the fire department vehicles.

Mr. Martinbianco asked what happens if you should need a pumps in two years and have no funds available if an emergency comes up with these pumps or other equipment. He asked the Chief for a copy of the ages of his fleet.

Chief Halstead said he has 3 pumps from 1 to 11 years old; 1 that is 7 years old and 1 that is 4 years old. This fleet needs to be replaced on an on-going basis. We need funds coming into the department to replace this fleet. The cost of running this fire department is going to be higher as we are hiring 16 new personnel and they must be trained because that is a requirement of the State.

Mr. Martinbianco asked what the life expectancy of the new vehicles would be. He was advised 16-20 years. He asked what other bids were taken besides these.

Chief Halstead said he had two other bids, but they weren't comprised of what we wanted.

Discussion was held regarding the discount in purchasing the two trucks.

Mr. Cross asked if the other bids were on file. Chief Halstead explained that after deciding upon this particular company, he didn't keep the paper work from the other two companies.

Mr. Cross said he would like to see other bids taken and they should be kept together so the Committee can review them. He asked what would happen with the older vehicles when new ones are purchased.

Chief Halstead advised that the vehicle at Fire Station #2 is junk and the one in Fire Station #1, he would like to bring back as police and fire community vehicle. We are required to have a disaster plan and for minor amounts of
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money, these could be restored. They would meet the requirement for community disaster equipment and they could be used as a command post that could be taken close to a scene to run a disaster operation.

Mr. Cross inquired about any accidents that may have happened and also if there is sufficient insurance coverage.

Mr. Martinbianco stated when a vehicle or something is offered to a department, it should come before the Council before purchasing it.

Mr. Cross agreed with Mr. Martinbianco. He also said he doesn't see a need for two squad vehicles at this time. If there are two vehicles to be purchased, it would be better to purchase a pump, as they are the older ones in the fleet.

Chief Halstead reviewed the age of the fleet with the Committee.

Mr. Cox asked Mr. Becker for his input regarding whether the proposed request would be viable.

Mr. Becker yes, it is a viable plan. However, we cannot make money on borrowed money. We also cannot borrow against future CD funds. We can't obligate future money at this point, nor could we spend those at this time. We can borrow from the existing CD funds. He noted there could be over \$71,000.00 in BNHS money set aside, that could be used. Also, CD funds for Water Improvements to Rowe Engineering for the Water Tower. The most viable area for CD swapping is in the BNHS funds.

Mr. Cross asked the Chief if he had to select from the list of vehicles to be replaced, which ones would they be?

Chief Halstead replied he would have to look at the demographics of the City to see how we are doing with the fire hydrants. If it looked at though we could eliminate the tanker trucks, we could nurse along the ones we have now. He said he would have to give some serious thought to this question, because of the many needs across the board. CD funds can be used in Station #1 area, where they can't be used anywhere else in the community.

Further discussion was held concerning the use of the CD funds in purchasing the fire vehicles, in place of the funds going to BNHS.

Mr. Cox questioned whether there was a need for fire fighting equipment. He said he is not opposed to purchasing two fire vehicles, but the dilemma is how to pay for them. He said if they wait another year or two, there will be another increase in the price of the vehicles.

Chief Halstead said he is working with the old feet and is trying to establish a system, whereby he will be able to give the Council a status report on a yearly basis, of what needs to be replaced in the fleet.

Mr. Cox suggested to Chief Halstead, that given the specs he has, he should get another quote, even if he has them faxed to him. He said he doesn't have a problem purchasing the two vehicles, but would like to see CD funds used if at all possible. He asked that the quotes be brought back to the Committee before making a decision and they will hold another meeting with this issue.

Mr. Martinbianco asked if the current price is locked in for 30 days. He was advised yes. Mr. Martinbianco also asked Chief Halstead to meet with Mr. Becker and put together a plan of how the payments will be made and put it in chronological order. Also, list what you are saving this year and give a timeline when they will be delivered.

Mr. Cox said if the Chief would lay out the plan, then the rest of the Council can see it because they don't hear what happens during these meetings.

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Mr. Becker said he understands the Mayor tried to initiate conversation with the County regarding the BNHS invoice. The County would not commit to those costs and we shouldn't pick up the costs either.

Mr. Cox said he would try to speak with Chapin Cook to see what CD money is available.

MEMORIAL DAY ACTIVITIES:

Mr. Cross asked if the Memorial Day activities would be a budget item for next year.

Mr. Abbey said it should be a budget item if there is going to an annual event. We could discuss the possibility of having a committee to raise funds throughout the year or putting this into the budget.

Mr. Cross said he thinks there should be a set amount and that amount should not be exceeded.

Mr. Abbey said for discussion purposes, the cost of security could possibly be curtailed by not having as many police officers.

Mr. Martinbianco said the Sheriff's Department has the special deputies that may be used for the security.

Mr. Abbey said we needed direction in dollar amounts from this Committee. If you choose to modify the amount suggested, we need to know this.

BLACK CREEK:

Mr. Cox inquired about the timeliness of the bills. He stated there are bills dating from June of 1996 to January of 1998. It would have been better to get the bills and approve them as we went along. He said if the bills had been submitted we might possibly have pulled out of the project like the County did.

Mr. Major replied that he didn't know why the bills were not submitted in a timely fashion.

Mr. Becker said Mr. Parks had indicated the bills could be paid at a later date. He said the Mayor gave Council updates on Black Creek, stating we were incurring bills. There was not a two year silence on this issue.

Mr. Abbey said possibly the communication could have been better than it was.

Mr. Martinbianco said the one who benefited the most is the Drain Commission, but they wouldn't participate in the litigation, but we should continue to pursue this issue. Maybe we could suggest that to Mr. Parks.

Mr. Major said he thinks the bill should be paid and then continue trying to get reimbursed from the Drain Commission.

Mr. Becker said the first couple of transfers came from Council-Legal to General Fund. If any further transfers are made, the money should come from sanitary sewers.

Mr. Abbey explained that it was his understanding that the Drain Commission said they didn't participate because we border each others county government and there is a partnership between Genesee and Lapeer.

Discussion was held as to how the City would get a reimbursement from the Drain Commission.

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Mr. Martinbianco said Davison Township should not be jeopardized because of actions taken in Burton. He said the City should take whatever steps are necessary to contact the Drain Commission regarding reimbursement. He asked what the phrase, "at no cost" meant.

Mr. Abbey said it is his understanding, that all parties are responsible for their own legal fees on both sides.

COMMITTEE RECOMMENDATIONS:

Martinbianco moved and Cross seconded the following motion:

1. Approve and authorize Committee recommendation to the Council, to place the resolution for MERS for the SEIU, along with the Letter of Understanding, dated December 1, 1997, on the March 16, 1998 Council agenda.

Motion carried 3-0.

Cross moved and Martinbianco seconded the following motion:

2. Approve and authorize transfer of funds up to \$12,000.00 from General Fund-Contingency to Public Service-Memorial Day Activities.

Motion carried 3-0.

Martinbianco moved and Cox seconded the following motion:

3. Approve and authorize recommendation to Council to transfer \$11,514.43 out of Sanitary Sewer fund to reimburse Davison Township to finalize the Black Creek issue.

Motion carried 2-0.

Meeting Adjourned at 12:33 P.M.

Cheryl M. Ladd, CMC/AAE
Deputy City Clerk

CML