

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
FEBRUARY 6, 2008, 4:30 P.M., COUNCIL CHAMBERS
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The Finance Meeting was called to order by Chairman Danny Wells at 4:47 p.m.

MEMBERS PRESENT: Heffner and Wells.

MEMBERS ABSENT: Tinnin.

OTHERS PRESENT: Mayor C. Smiley, Attorney R. Austin, G. Kray, DPW Director and Julie Adams, Deputy City Clerk.

PURPOSE OF THE MEETING: Discussion and possible recommendations concerning the following:

1. Restructuring tap-in fees
2. Administrative Assistant / Personnel Director

PRESENTATION:

Administrative Assistant / Personnel Director

Mayor Smiley stated the City has always had this position for many years. Due to people retiring, financial things and the rearranging of job duties they did not fill the position and tried to get by without it for quite some time. It is a critical position in the City. Union negotiations are coming up and there are 6 unions. The Deputy Chiefs have now unionized and we will be soon setting down to start their first agreement. There are a lot of things with personnel and insurance. This position was always funded 50% out of the Mayor's budget and 50% through several other budgets. Joyce Centilli was funded the same way. Brenda Moulton is 100% out of the Mayor's budget.

Mayor Smiley said we need this position and he hopes Council considers to transfer the money to start the process in getting someone on board.

AUDIENCE PARTICIPATION:

John Stapish, PO Box 190134, expressed he does not think the position is needed nor can the City afford it.

COMMITTEE DISCUSSION:

Mr. Heffner stated this position has a lot of responsibility and will make the Mayor's job easier. Mr. Heffner stated that he himself is personally not qualified to negotiate contracts and does not know of anyone on Council that is qualified to. He will vote yes for this position.

Mr. Wells inquired regarding the salary of this position and it being a non-union position.

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Mayor Smiley replied they are looking at a salary of \$65,000. The position would be the only non-union employee in the City of Burton. He assured that it would never be unionized.

Mr. Wells and the Mayor discussed the confidentiality of the job with labor negotiations. Mr. Wells said he would like some kind of guarantee the position would remain non-unionized.

Mr. Austin referenced having a disclaimer. He cannot ever foresee the position ever unionizing.

Mr. Wells inquired regarding a timeframe on hiring someone.

Mayor Smiley indicated he would like 2 transfers to go on Council's next agenda. One for \$25,035 from various fund contingencies and \$6,725 for fringe benefits.

Mr. Wells asked who currently is the risk manager.

Mayor Smiley said Joyce works in that area since Ken McArdle left and he guesses that he himself probably is.

Mayor Smiley also interjected that currently Greg Kray is the ADA Coordinator but that will be one of the personnel director's responsibilities.

COMMITTEE RECOMMENDATIONS:

1. The Finance Committee recommends to City Council to approve the hiring of a Personnel / Administrative Assistant and to place on the Council's agenda for the Regular Council Meeting agenda for February 18th to: 1) Approve and authorize a transfer of \$25,035 from various fund salary line items to fund the personnel director's position for the remainder of the 07/08 fiscal year, and 2) Approve and authorize a transfer of \$6,725 from various fund contingencies to various fund fringe benefit line items to fund the personnel director's position for the remainder of the 07/08 fiscal year.

Motion carried 2-0.

PRESENTATION:

Restructuring Tap-in Fees

Mayor Smiley said he was not in favor increasing the tap-in fees when they were increased. He is still not in favor of where currently they are at. It is something as a tool we can use when you look at economic development. Council should continuously look at various things and enhance our marketability so we can get more jobs back in our community.

Mr. Kray said he gathered data from our surrounding communities of sewer and water tap-ins and where Burton fits.

AUDIENCE PARTICIPATION:

John Stapish, PO Box 190134, said he agrees with the Mayor that the fees are too high. You can have a well dug for about \$3,000. He thinks they should be lowered.

COMMITTEE DISCUSSION:

Mr. Heffner asked what level is it going to be that it would start harming the DPW.

Mr. Kray said it is hard to say because as we build the surplus, we use the surplus for expansion of the system and maintenance of the system.

Mr. Wells said he spoke with Dave Marshke and Mike Holzer and was very enlightened by the conversation. Our \$1,000 tap-in fee is a break even point for us. If we go less than a \$1,000 we are going to lose money on a tap-in fee.

Mr. Kray responded that it depends on what you roll into the expense side of the equation. If we look at what it would cost for build-out, and we try to fund that with tap-in fees, then it is not even close to what we need to bring in. But if you are looking at just the cost of sending the crew out and doing the work, the direct work involved, it is probably pretty close.

Mr. Austin said when we adopted Ordinance 6C-Q, there was a split decision in thinking as to whether at \$1,000 and \$1,500 for direct fees was income neutral as far as what our costs were or whether it was making money. The majority of Council felt that \$1,000 per connection on an indirect basis was about break even and they did not anticipate making any money at that. Depending the outcome of analysis by Karen, any restructuring of the fees at this point has to start out with a presumption we need to be revenue neutral and see what Karen has to say about whether or not we can reduce the revenue strain at all.

Mr. Kray said a big part of it is what you put on the expense side of the equation. We have to figure out exactly what expenses we want to cover with the tap-ins and that is a large part of it.

Mr. Wells said according to the water department's calculation they are at \$1,000 right now. Their concern is we are not gaining ground on any surplus to do repairs. The unappropriated surplus on the water department side is from about 6 million down to 3.5 million as a result of that. From a business standpoint, you can't give things away and keep the business going or eventually it is going to catch up to you. In a large development there is an opportunity to make some surplus. We have a mobile home park that is in a bit of trouble with the DEQ. There is 200 units that he needs to tap into City water or come up with a filtering system which he said will be about \$360,000. I also look at it as 200 new water customers.

Mr. Wells expressed further, he thought about possibly keeping the water fee at \$1,000 a tap-in for the first 50 tap-ins, and after 50 tap-ins it drops down to \$750. He asked if it would be legal.

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Mr. Kray replied he is pretty sure and only because of past practice. In the past, the first two units were at full rate and then you got 50% dropped for additional units.

Mr. Austin inquired regarding what would be involved with a physical connection of a large water customer such as a mobile home park.

Mr. Kray stated our crews would go out and set the meter, bore and tap the watermain and run service up to the meter.

Mr. Austin asked about one line or 200.

Mr. Kray said for a large customer like that, we would get it onto his property and they could distribute it upon their property.

Mr. Austin said there is an economy of scale and you have many of those same costs when you connect one individual resident on a direct connection for \$1,500. The additional expense to the City isn't that much greater to connect 200 new customers.

Mr. Kray said assuming you just make the one connection to serve 200 units. It would be like running a single line into a factory, and the fact the factory is going to have an 8 or 10 inch meter and they are going to draw enough water for 1,500 residential customers.

Mr. Austin asked about running individual waterlines down every row within a mobile home park and there would be individual connections.

Mr. Kray responded those are private streets and not our property. We would run it to the property line.

Mr. Austin said as long as there was one physical connection to these multiple REU users, there would be a savings to the City over and above what you would realize with one or two connections.

Mr. Kray replied if you are only counting in the labor to set and tap that meter, on the expense side of the equation, yes.

After further discussion, Mr. Austin indicated that from a legal perspective, he does not see a problem. He also would like Karen Foster's opinion on the matter.

Mr. Wells spoke regarding an article on Reinvesting In Drinking Water Infrastructure. It talks about a German company called American Water Works, owned by Germany. They are coming over to our country and municipalities that get in trouble with DEQ or they cannot afford to fund their water, they will offer them 4, 5, 15 million dollars to take over their water system and the municipality is then out of the picture. They run water lines down every street and you are going to hook up, and it will cost you this much and this is how much water you can use.

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Mr. Wells stated further, if you go over that amount it jumps substantially. In most cases they have doubled, and in some cases tripled the water bills in these communities. Because people conserve and don't use as much water, whatever surplus is left, they package it up and send it to Europe and sell it over there. That is what this country has come to. They have 70 million water customers in the United States. Mr. Wells stressed he wants to make sure we can take care of our infrastructure so we never get into a position of somebody else coming in to take over.

Mr. Austin stated he will prepare Ordinance 6C-R for consideration for a First Reading at Council's next regularly scheduled meeting. During Council Discussion if issues are raised, it can be amended and you can still have it as your First Reading of an Ordinance.

Mr. Wells said he will inform Mr. Martinbianco to follow protocol and get his ideas.

COMMITTEE RECOMMENDATIONS:

Heffner moved and Wells seconded the following motion:

1. The Finance Committee recommends to City Council to approve and authorize Ordinance 6C-R, amending Ordinance 6C, Section 1B-1, to read the connection charge shall be \$1,000 per unit for the first 50 units, and \$750 per unit thereafter.

Motion carried 2-0.

Meeting adjourned at 5:35 p.m.

jra