CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
NOVEMBER 4, 1998, 4:30 P.M., COUNCIL CHAMBERS

MEETING CALLED TO ORDER BY Keith Cox AT 4:35 P.M.

MEMBERS PRESENT: Cox, Martinbianco, Cross

MEMBERS ABSENT: None

OTHERS PRESENT: B. Becker, Treasurer/Controller, P. McDougall, Criminal Diversion Director, J. Adams, Clerk's Office.

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS CONCERNING:

1. Criminal Diversion Officer Contract
2. Proposed Investment Policy

CRIMINAL DIVERSION OFFICER CONTRACT

PRESENTATION: None at this time

AUDIENCE PARTICIPATION:

John Stapish, 5160 E. Atherton Rd., Burton, MI, spoke regarding the program and inquired as to the bonding of Mr. McDougall, his salary, benefits and title.

Mr. Becker indicated they have a blanket crime insurance coverage of $50,000 that covers all employees.

Mr. Cox indicated the benefits package of retirement, medical, dental, vision along with a patrolman's wages and overtime, are not comparable.

Mr. McDougall indicated his title is Program Director of the City of Burton Diversion Program.

Pauline Dargel, 6119 Hugh St., Burton, MI, spoke regarding reviewing the back-up material for the contract and seeing two different reports. She spoke of a financial and social report.

Mr. Cox spoke regarding the social report and the demographic profile. He indicated the demographic profile was provided on December 31, 1997.

Mrs. Dargel inquired as to a home base that reached out to other communities and if the program is in Flint Township.

Mr. McDougall indicated it is not.

Mrs. Dargel indicated when it began in 1982, this was called part-time and showing a success ratio and then it went to full time, but it never defined what the difference was between full time and part time.

Mr. Cox spoke on Mr. McDougall's current salary. He indicated budget amendment #1, July 1, 1998 through June 30, 1999, shows the Criminal Diversion Program budgeted at $42,000, and asked what that included besides wages.

Mr. Becker said the current wage of $36,400 without any increase in salary, his line item budget would have been $38,000. Phone and stationary costs would be another $1,600 beyond his salary in that line item. The budget amendment of $4,000 increased that to $42,000, of which $1,600 of that line item is for operational expenses beyond his wages. Mr. Becker indicated the amounts discussed at the Budget Workshop was a $4,000 increase per year.

Mr. Cox stated in summary, that Mr. McDougall is not a City employee and operates at basically at no cost to the City because it is paid for through the Diversion Program. He indicated Mr. McDougall is bonded.

Mr. Becker spoke regarding the demographic profile received December 31, 1997, and stated they should have also received one as of June 30, 1998. Since the inception of 1982, the program itself is $5,991.25 to the black since inception to date. The contract previous to this, dated July 14, 1992, is almost identical to the contract being proposed. It shows Mr. McDougall is paid weekly and it is subject to review during budget approval. If none of the terms of the contract changed, and it is re-budgeted, the contract is extended.

Mr. Cox said through his conversation with Mr. Hamilton, renewal fiscal year, he suggested if we do not do that, his contract ceases to exist. Mr. Cox indicated Mr. McDougall will probably want to speak with them once a year.

Mr. Becker said his understanding is when the term of the contract changed, even though it was approved in the budget amendment process, it still needed a contract revision put in place. Those contracts, old and/or new, and any discussions were forwarded immediately following the adoption of the budget.

COMMITTEE DISCUSSION:

Mr. Martinbianco said with Mr. Becker's indication the program is almost $6,000 to the black, and we are talking of an additional $4,000 a year, given the current pace of revenue stream, the surplus will be gone probably within the first couple of years. He asked Mr. McDougall what provisions has he taken or what he thinks in terms of cost of the program that might have to be adjusted in order to accommodate such an increase.

Mr. McDougall said historically, the program has managed to survive financial red and black ink. There is no way to predict, the number of referrals will go up and down and that affects the financial. There is not a direct correlation, he needs to be more aware of the financial situation of the program and monitor it more closely. Mr. McDougall stated further, he has to protect the financial integrity of the program that has been there the last 18 years, and somehow he has managed to do it. It is the product of working with people and making them responsible.

Mr. McDougall spoke briefly regarding the fee increase and case-loads. He indicated that at a June City Council Budget Hearing he asked the City to consider making him a City employee and did not ask for a $4,000 raise.

Mr. Martinbianco asked if his interpretation is that this is the alternative to employment officially by the City.

Mr. McDougall responded that he has not received any official communication in regards to his question.

Mr. Cross read aloud Item #5 of the contract.

Mr. McDougall indicated he just received this contract a week ago, but prior to a week ago, he did not have an answer to his question.

Mr. Cross said for clarification, Mr. McDougall will have a yearly contract and come before them yearly, according to Mr. Hamilton, or he will not have a contract.

Mr. Cox also spoke regarding Mr. McDougall being a contract employee and responsible for his own medical needs.

Mr. Martinbianco spoke regarding Item #6, and the effective dates of the contract.

COMMITTEE ACTION
AND/OR RECOMMENDATIONS:

Moved by Martinbianco, seconded by Cross to recommend to the City Council to enter into a contract with Mr. McDougall, as presented Items #1, 2, 3, 4, 5, 6, 7, and 8, and recommended it be referred back to City Council and added to the agenda for the next City Council meeting of November 16, 1998.
Motion carried, 3-0.

PROPOSED INVESTMENT POLICY

PRESENTATION:

Mr. Becker stated Act 196, Public Act 1997 of the Michigan Legislature, Amended Act. 20, provided various amendments but the major provision was each unit of government would have in place a written investment policy that would include certain items. That investment policy needs to be approved within 180 days of the fiscal year ended during the year 1998, and in place by the end of December. Prior to this recent Act by the State, the City was directed in its investment policies by several items, primarily Act 20, Public Acts 1943, which defined what types of investments cities could invest in. Mr. Becker further indicated beyond that, the City Council on two different occasions approved specific depositories to make those investments. Action was taken on April 3, 1971, and April 15, 1985, and currently Citizens, NBD, Michigan National, Old Kent, First Federal Savings & Loan, and Detroit & Northern Savings & Loan are on the list of depositories approved by City Council. Section 6.6 of the City Charter describes who is responsible, being the City Treasurer, as the custodian of Burton's funds.

Mr. Becker indicated the State of Michigan Treasury provided a sample investment policy which he has very closely mirrored to fit the City's specific needs. A copy of that investment proposed policy is available for review as well as the letter from the State and both Acts. Mr. Becker stated that they have taken a conservative investment approach for the City of Burton and has detailed some of the investment yields every year as part of the annual financial report.

Mr. Becker spoke further on Section 5, regarding the various items of investments and indicated they use currently Items 5.1, 5.2, and 5.7.

AUDIENCE PARTICIPATION: No audience participation.

COMMITTEE DISCUSSION:

Mr. Cross asked if there is a difference with the contract and what is being done presently, and if it is a safeguard the government has put in place so there is not any frivolous investments.

Mr. Becker indicated that is the purpose, and what links the depositories more directly is that we have to make them availed of this investment policy. Mr. Becker spoke further on the policy and procedures.

COMMITTEE ACTION
AND/OR RECOMMENDATIONS:

Moved by Martinbianco, seconded by Cross to recommend to the City Council as a whole, the adoption of the proposed investment policy to the City of Burton pursuant to Act 196 of 1997.
Motion carried, 3-0.

MEETING ADJOURNED AT 5:08 P.M.

JRA