CITY OF BURTON

BURTON CITY COUNCIL MEETING

MAY 29, 2019

MINUTES

Council Chambers	**Budget Workshop**	**6:00 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Steven Heffner at 6:00 PM.

A. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Present	
Duane Haskins	Vice President	Late	6:17 PM
Dennis O'Keefe	Councilman	Present	
Steven Heffner	President	Present	
Danny Wells	Councilman	Present	
Vaughn Smith	Councilman	Present	
Christina Conley	Councilwoman	Present	

B. STAFF PRESENT

Bette Bigsby, Acting Clerk
Rik Hayman, Chief of Staff
Bob Slattery, DPW Director
Charles Abbey, Deputy DPW Director
Karen Moffitt, Controller
Chris Howser, Road Superintendent

C. PRESENTATION & DISCUSSION

1. Budget Workshop Topics:

Mr. Smith detailed what budget would be discussed.

Items to keep in mind from Mr. Smith's notes:

Info on parking lot and gas tanks
Police Department parking lot complete or holes
Ladder truck for fire department

Mr. Martinbianco asked about the road superintendent being in attendance. Mr. Abbey called Mr. Howser to come to the meeting.

Ms. Moffitt stated sixty percent of our roads are local roads and forty percent are major roads and we have to report that way to state and also by department. In the past certain costs that have been split between the two have been reported that way. In reviewing the salaries and how people work it is reversed. Our employees only spend forty percent of their time on local roads and sixty percent of their time on major roads. We have switched our thinking. They are spending more time on major roads. There will be a shift again as the roads deteriorate. This budget reflects that change for salaries and benefits but not for road related costs. Updated salary allocations for shared staff. Increased equipment rental and training in a lot of areas. Want to focus more on training because of transition and succession planning. Have a lot of new employees. Equipment rental we are doing a better job of identifying usage charges should increase on roads budget and other budgets. Increased revenue coming into motor pool for those charges.

Major Street.
Estimated revenue of $5,012,400.00 projected expenditures of $7,348,100.00. An Excess of expenditures over revenue $2,335,700.00. Estimated we will end this year with $3,823,793.00 estimated to be the beginning fund balance for next year minus $2,335,700.00 leaving a fund balance of $1,488,093.00 for 2019-2020. Over spending is basically because of the Center road project not in the TIF until 19-20. Because of technicalities we are not going to start the project until July. The cost is going to come out of next year. Money will roll into fund balance this year and get used next year to pay off the loan. The project is from Davison to Dolphaine.

The line item $3,121,000.00 is the majority of funding from the state we are estimating an increase of 3%. Federal state construction match revenue $1,799,000.00 is the revenue we expect to receive from state in October with next years' TIF money to fund the construction and construction engineering costs of Center Road. Most of the other revenue sources we left the same. Transfer from other funds we eliminated the $150,000.00 transfer made last year. The loan proceeds Center Road are the loan proceeds in this year budget so we won't have next year so that was taken out. Under the construction area you will see $2,248,700.00 that is the estimated costs for Center Road construction and Center Road construction engineering.

Surface Maintenance shared salaries have changed in both local and major budget. In the past they have been recorded in this budget 4063 technically they are considered administrative costs and should be recorded under 4082 department I have moved those costs out of the surface maintenance to 4082 which is administrative.

Fringes down, shared salaries have gone down due to moving to other department. Fringes reflect a 10% increase in health insurance. MERS based on actual costs. In the roads budget most of the employees are either SEIU and AFSCME and their costs have gone down slightly. The 717 MERS active is zero we are only paying on the unfunded liability line 718 MERS retirees.

Road preservation. In the past we have had a line item for crack seal under construction and then a line item for chip seal under surface maintenance area because there are several different methods and ways of repairing roads we thought it would be better to combine them all into one line item and call them road preservation. Then we can decide based on condition of the road what method is used to repair or preserve the road. Increased that line to $700,000.00 basically that is combining the money that used to be under construction, DWRF repairs and other lines we have combined a lot of that down under the road preservation line.

Mr. Heffner asked if chip seal is under there and what else is under there? Ms. Moffitt stated that all road preservation is under that line in major streets. Mr. Heffner asked if we had gotten any state road preservation money. Ms. Moffitt stated we did this year. We received some last year as well. Mr. Heffner asked what projects were planned for this year. Mr. Slattery stated he did not have the list in front of him. He said they were crack sealing about 15 miles of road and they are chip sealing several roads and we are also chip sealing and fog sealing other roads. Mr. Heffner inquired about doing Lippincott and Lapeer. Mr. Slattery stated they just got done doing some crack seal on Lapeer to Belsay Road the Project was submitted for a thin overlay and wasn't approved probably because of traffic count. But we are chip sealing it. Mr Heffner asked when they were going to finish filling the potholes on Lapeer road. Mr. Slattery stated they would be back on pot hole patching generally.

Mr. Martinbianco appreciates Mr. Howser is in attendance. One of the things that they wanted to talk about tonight was in motorpool. Mr. Martinbianco wanted an oversight on what we are faced with now and possibly later.

Mr. Howser stated the guys are out patching everyday. They put 49 tons of asphalt on Center road for the parade. That is 6500 shovels full. Roads are not horrible. Without funding from Council we will move back into deplorable. The short staffing is hurting. The amount of Rain is hurting us.

Mr. Martinbianco asked what else can we do proactively that we are not doing with respect to road preservation. Are there areas of the city we are not looking at that we are not looking at. Mr Howser stated we need to start looking at local streets They were crack sealing Lippincott last week. We need to keep doing the programs that we can do with the funding we have. Mr. Martinbianco asked if there are any other substitute funding we can employ that we can put in place to be able to put some of those other issues to rest. Mr. Howser stated a special assessment or grant writing. Mr. Martinbianco asked about a road bond. Mr. Howser stated he didn't know if the residents would vote for a road bond. Mr. Martinbianco said the city had the facility top bond for road funds.

Mr. Martinbianco asked if Mr. Howser had any specific needs for motor pool. Mr. Howser stated he is adamant about a facility to house equipment. There are millions of dollars in equipment out there that is fading, falling apart and rusting away.

Mr. Heffner asked Mr. Howser what the next major road we need to look at doing something with. Mr. Howser answered the other side of Saginaw Street then this stretch of Center road. Mr. Heffner asked Mr. Howser if he had been on Vassar Road near Maple. Mr. Howser answered that Vassar road was going to need a total reconstruct.

Mr. Haskins asked if he was talking about Saginaw over by Bristol Road. Mr. Howser said Bristol Road is still workable and patchable. On Saginaw street they are getting big chunks out of it and flipping them up vertically. One spot on Vassar road we need to somehow fix it temporarily.

Mr. Abbey stated one thing we are going to have to talk about if we are not going to have enough money and we know we aren't we may have to do more than our typical repairs. We are probably going to have to do some short runs mill it out and do a repair. Mr. Slattery we recognize there are places that are concrete that need some spot treatments. Mr. O'Keefe disagrees with cutting things out and filling it with asphalt.

Mr. Smith we have talked about roads and we talked about a building. I understand that a building will help to extend the life of the equipment. How will this affect the personnel? Mr. Abbey answered that the trucks are diesel if they are housed in a facility they can get in and they are ready to roll. They can be loaded the night before. It takes about 30 minutes in the morning before they can head out.

Mr. Heffner asked how many trucks we lost when we had the fire out back. It was stated they lost two trucks. Mr. Heffner stated that if the trucks were housed together we could have lost the whole fleet. Mr Abbey stated the reason we had a fire was due to bad cords out in the elements.

Mr. Smith stated he was looking for efficiencies for the City and this would be a long term efficiency. We would be saving on labor and equipment. Mr. Abbey stated we are about to pay off the lease to owns. We can prolong the use of the trucks. We would be able to save money for more work. Each truck is a quarter million dollars.

Mr. Heffner said if you go to the residents if they want a pole barn or roads they say roads. Mr. Smith stated they were elected to make decisions. Mr. Heffner stated the machines were made to be out in the worst weather Michigan has. We don't have the funds to do everything. Building a pole barn does nothing for the roads. Mr. Smith stated you are shortening the life span of the vehicles by keeping them out in the weather.

Mr. Wells stated we brought this guy in for his knowledge and expertise and we are arguing about his knowledge and expertise. Discussion on the $320,000.00 from the sale of property.
Mr. Haskins asked if we could down it a little bit and find a cheaper resolve for your trucks. Mr Abbey stated they are trying to get bids to find out what it would costs. Mr. Haskins asked about the manpower issue at DPW. Mr. Abbey stated they advertised for Laborer and they have no takers. The economy is good. The only way to get good people is to pay more money. That is the reason we are losing people. Mr. Abbey asked if he was given a choice he would take manpower and raises over the pole barn.

Mr. Heffner asked what the roads supervisor could do with $350,000.00. Mr Howser stated not much at this point. We have a lot of subdivision roads that we need to do something with.
Mr. Smith is looking at the $320,000.00 as one time money. Local roads life expectancy is gone. People expect we are going to maintain them. Mr. Smith stated he has been jogging in Davison and Grand Blanc and our roads are better.

Ms. Moffitt stated we have $700,000.00 in the road preservation line for whatever road projects come up this year. In Surface Maintenance the line for equipment rental was increased a little bit. The Major street and local street budgets there are certain departments the state mandates we break out expenditures. In the past we would draw in wages and what people would be paid over 12 months. I went over a two year period and do an average. Most departments have salaries, salaries permanent, overtime, retirement costs fringe benefits, contractual services, supplies and equipment rental. Lines are either up or down based on the percentages allocated. There was a 10% healthcare increase. MERS costs on actual percentages received from MERS.

Traffic signs line I added $18,000.00 for 4 traffic counters. Material sign added purchase two electronic speed signs. Mr. Martinbianco asked where they were going to be. Mr. Slattery stated they are going to look at various areas where we get complaints of excess speeds and crash data to see where it may be effective. Going to take the Police Chiefs recommendations. Mr. Martinbianco asked about Vassar and Bristol road. There are solar flashers on the stop signs and advance stop warning sign. Mr. Martinbianco asked about Lippincott and Genesee.
Mr. Haskins asked why DPW is buying them. Mr. Slattery stated they are also traffic counters.

Contractual services line under traffic signs this is the last year we are updating the LED traffic signals. Should be able to free up $150,000.00 in next years budget. Winter maintenance increased the salt line item a little bit. That may not be enough. We are under the County bid and have heard prices have really risen. May need a budget amendment depending on how the bids come in and how much we use. What ever we didn't use this year we put down under the Belsay Road costs.

Administration area has new allocations for the shared salaries. Under debt figures comes from the debt schedule. Lapeer Road is money we borrowed for the Lapeer Road project. That loan was paid off this year so we won't have interest to pay on it next year. We will have interest to pay on the Center Road loan. That $73,400.00 is due June 1st. Principal payment on Center Road project is $2,244,300.00. Under transfers to local streets. We had been transferring 20% to local street and that balance had been continuing to build so we decided not to do that last year and this year also keeping more money in major streets.

Mr. Haskins asked about equipment rentals. Looking at revenue and expenditure report. There is all kinds of money left in equipment rental lines right now. Is there a necessity to beef the lines up. We are making a concerted effort to make sure people are using the lines. They have been a little lax in that. Some of it has been undercharged. Rates go up every January 1st based on rates the state provides. Mr. Heffner asked where gas and oil were in the budget. Ms. Moffitt stated gas and oil get charged to motor pool and then it is billed out as part of equipment rental. Part of the cost for them using equipment. Revenue into Motor pool.

Mr. Heffner asked about crack sealing on the roads where the water lines went in. Is it charged to local roads? Those roads need to be crack sealed. Mr. Heffner stated he feels it should be part of the restoration. Mr. Martinbianco brought up how bad Camden is after the renovation in that area. Mr. Hayman stated that there were other phases that we were able to fix the roads under a non-participant while the company was fixing the roads.

Mr. Martinbianco asked about fringe benefits and who is all in there. Ms. Moffitt stated the shared salaries like from her office. He wanted to talk about the percentages. He wanted to know about the controllers office. Ms. Moffitt stated her office is 11% each person including the Purchasing agent. Based on percentage of budget. Executive Benefits and Human Resources is 6% it is based on number of employees. Treasurer is 2.4% depending on how much time she spends on major streets. A lot of her time is monitoring cash flow and investments. Collection clerks are 1.2 % for billing. Chief of staff and executive assistant are 5.5% and the fringes that are associated with them to major streets. Previously shared salaries went to 4063. They are indirect costs and should be in 4082. That is why there was an increase in this budget.

Ms. Moffit did a review of the 5 year projection for local streets. Budgeting revenue of $926,300.00 and expenditures of $1,085,100.00 over spending by $158,800.00 about a million dollars in fund balance. We are projecting to end the year with approximately $900,000.00 in fund balance. We are not expecting to receive Public Act 207 funds. We projected a 3% increase in state revenue, increased up to $848,000.00. The transfer to major streets was eliminated. Transferred $30,000.000 from general fund. You can spend up to 10% on administrative costs from state revenue.

Mr. Heffner stated the state claims they overpaid municipalities and we had to pay it back. Ms. Moffit stated that is correct. They dispersed it to municipalities and then they realized they over paid. So they have started to take it back. Mr. Slattery stated we are getting less money we do not have to write the state a check.

Expenditures

In Surface Maintenance the shared salaries moved to 4082 so there is nothing budgeted on that line item. All the fringes reduced moved to 4082. Reflects all new allocations. Mr. O'Keefe asked what we have left in dirt/gravel roads in the City? What do you think about getting into the 21st Century and getting all of our roads black topped. Mr. Abbey stated the only way you are going to be able to do it is by special assessment. Mr. Abbey stated he would get a map of the gravel roads.

Traffic signs added $5,000.00 for updating signs. Replacement of faded and graffiti signs. Salt was increased slightly anticipating an increase in pricing. Administrative shared salaries and benefits moved from 4063 to 4082. In the 4090 department contingency that is for special assessments on city owned property going down every year with the assessments getting paid off. There is $75,000.00 under surface maintenance for road preservation.

Mr. Heffner asked how much was budgeted for road preservation. Mr. Slattery stated we are crack sealing all the Paser 9, 8, and 7's. Part of the road preservation $150,000.00.
Mr. Heffner stated we should budget for two more DPW people. Discussion took place on where they advertised for applicants.

MOTOR POOL

Motor Pool is an internal service fund. We have 2 mechanics and some of the shared salaries that get charged there. We purchase vehicles form motor pool except police and fire. We pay for all the repair costs plus Gas oil and other related costs. We generate revenue a couple of different ways. One way is equipment rental, anytime a person or department uses a vehicle they log it on their time sheet and we charge out a factor per the state and charge out the costs to that department for using that vehicle. The other way we bring in revenue is repairs to police and fire vehicles as those are worked on the mechanics create an invoice of time and parts and that gets charged off to the department and recorded as revenue to that department. Supposed to be a self supporting fund. We are projecting revenue at $1,136,000.00 and expenditures of $1,346,700.00 estimating to overspend $210,700.00 We have a fund balance of 1.6 million dollars to cover the overage leaving a fund balance of 1.4 million dollars. Look at the five year forecast it improves over the years due to paying off some of the vehicles debt and depreciation. Some of the vehicles we were depreciating the cost come off completely. Looking at revenue tweaked slightly charges out at estimated rates.

Under expenditures with the new salary allocations we had not been charging the director, the assistant director or the supervisor. There is more activity now with the Plante Moran study they have recommended more reviews of things with the purchase order system. Administration is spending more time on that department so we spread the cost where people are working. We have determined that we need to charge some of those salaries to that department.

Mr. Haskins stated that is a pretty significant fund balance of 1.4 million. Is it possible to help alleviate some of the drudgery of the barn to use some of the a money for the barn?
Ms. Moffitt stated if you look at the five year forecast it is a proprietary fund. If you look at the first column you will see it is projected to be at 1.4 million but a million of that is tied up in our capital assets. So that is not money we can really use. We only have $400,000.00 unrestricted to use. Mr. Haskins asked if that was going to change as we pay things off. Mr. Abbey stated one other thing that has an impact on that if you are down employees you are not renting out equipment.

Mr. Heffner asked about gas and oil. Budgeted $100,000.00 he was hoping the LED committee would look at making some of the vehicles natural gas. He thinks we could save a ton of money and the environment in the long run. Mr. Slattery stated they are very expensive vehicles. Mr Abbey stated it would be something to look into.

Mr. Martinbianco asked about information technology allocation. How it went down from $19,000.00 to $3,000.00 in this budget and not in the others. Ms. Moffitt stated the allocation is based on the number of computers. Some of the previous figures were not correct. The allocation was updated based on the number of actual computers being used.

Mr. O'Keefe commented on the five year forecast for motor pool. On other costs and transfers he would like to see an expansion on other costs. In regards to fund balance have those lines go straight across.

Capital Asset Requests

First item is storage building. This has already been talked about and you are looking for more information. Second item is asphalt mill to smooth and grind roads bumps. It is Estimated to cost $30,000.00 it would not all be expensed in one year. It would be expensed $6,000.00 a year.

Mr. Abbey stated we are looking at a couple of options there is one that hooks to the front loader and one that hooks to the skid steer. We are looking at both for costs and where we would get the best bang for our bucks. You can buy a new skid steer with a 4 foot planer for $40,000.00. Bobcat dealer was going to bring in machine and do a demo.

Ms. Moffitt stated the third item is a solar stop sign. Estimated costs is $33,750.00 Mr. Haskins asked what a solar stop sign is and what it does. Mr. Slattery answered it is a stop sign with a red or yellow light that flashes. One intersection also for the stop ahead sign. Vassar and Bristol is a high accident location and Mr. Haskins asked how many accidents we have there.
Mr. Slattery stated he would get Council an accident intersection ranking report.

The only other thing on the Capitol Asset report is resurface DPW parking lot.
Mr. O'Keefe stated several years ago we asked the fire, police to do fleet planning. He asked Mr. Slattery and Mr. Abbey if they had something like that. He feels it is something that needs to be done. Mr. Abbey stated they are looking at the equipment. Mr. Slattery stated they started looking at fleet replacement when the previous mechanic was here.

Meeting was adjourned at 9:01 PM.

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