CITY OF BURTON

BURTON CITY COUNCIL MEETING

MAY 16, 2018

MINUTES

Council Chambers	**Budget Workshop**	**6:30 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Steven Heffner at 6:30 PM.

A. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Councilman	Late	6:45 PM
Duane Haskins	Vice President	Late	7:38 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

Paula Zelenko, Mayor
Bette Bigsby, Acting Clerk
Rik Hayman, Chief of Staff
Sue Warren, HR Director
karen Moffitt, Controller
Charles Abbey, Deputy DPW Director

C. PRESENTATION & DISCUSSION

1. Administrative Overview of Proposed Budget

Mayor Zelenko stated she budgeted for 92 employees. We have not hired the City Maintenance Man. We have hired the Deputy Controller. We still have not filled the City maintenance position. We no longer have a building inspector, Stuart has moved on to sunnier grounds. As of Friday 2 more laborers will be moving on as well. Those position even though they are not actual full time employees right now they are still budgeted for in this budget.

The last page of my letter talking about the TIP projects we will have more information when we do the roads department budget. We are considering moving the Center Road from Davison Road north to the city limits up to do a pre-construct on that and then take South Saginaw Street from Hemphill to Bristol out a year swapping those two around. North Center Road is where we are getting the bulk of complaints. Number two instead of disrupting back to the bricks and those businesses on Saginaw Street two years in a row. Would like to just do it in one year.

I believe we need to have a Special meeting for road plan road priority. Mr. Heffner stated like we did when we did the bus trip.

You have before you tonight the 5 year forecast for General fund, Police department and Fire department we wanted to give you the forecast for water and sewer we don't have that completed yet. We are still deciphering the notes from the previous controller and making sure the rate corrections have been updated. I would rather give you late information and it be accurate than give you information right way and it not be accurate. Controller getting acclimated to the forecast 5 program. We are meeting with the company doing the rate study a week from Friday.

Ms. Moffitt stated, I tried to summarize the changes in the budget in the past year. She stated this budget assumes a 4.00 tax levy per your direction at the budget workshop. If we were to levy the 4.707 levy would increase revenue by $400,000.00.

Mr. Heffner did not feel that should have been out in the summary. He feels it was a shot at council. Mayor stated it was not a shot it was for informational purposes. It is about transparency. Council is aware of the .707. Ms. Moffitt stated she put it in there because there for informational purposes. There isn't a lot of money in the road budget for roads. It is in there in case you want to put money in there. I thought it was good information to have as while you are going through the budget.

Mr. Smith asked what revenue/expenditure report they would have before going over the roads budget. Ms. Moffitt stated that the plan is to put the April Revenue /expense report in Council packet for the next agenda. The Deputy Controller is helping to get caught up and everything charged.

Ms. Moffitt stated our taxable value increased 4.57% that is reflected in the revenue that is approximately $100,000.00 in the general fund, $200,000.00 for police and $23,000.00 for fire.
The state estimates a revenue sharing I don't think that has been finalized as of yet but I used the figure off their website. There is a schedule in the back under supplemental information as to how that is calculated for the roads.
The state infrastructure bank loans that we took on the Lapeer road project a couple of years ago to do the advance construction comes due this November the principal on that is 1.9 million dollars. That has been built into the budget.

Salaries have all been built into the budget according to contracts. There virtually is no raises except for any step increases for AFSCME and Police.

Mr. Smith stated they are in negotiations with police. He saw the numbers and assuming they will be higher. Mayor stated these were the figures as of April 1st when this book was handed out. Mr. Smith just wanted to remind Council people as they look through the budget.

MERS rates have been budgeted according to the rates from MERS. We have increase the MERS contribution back up to one million dollars. Grants budgeted at what is expected DWRF and DWRF 5 for next year. We just anticipating a little bit of money from CDBG for Senior Center. Park and recreation budget was reduced $10,000.00. The races have been separated out so we can track the activities in those funds. . But in the audit they will be combined with the general fund. Because according to accounting terms these funds need to be self-sufficient. Races don't fall in the definition to be separate funds. So just for audit they will be part of the general fund. I spoke with Pam Hill about this.

Mr. Smith asked if the General Motors plant has been taken into account. What formula did you use for the GM Plant? Ms. Moffitt stated it is not in the budget. We didn't know about that when we built this budget. I used the 65 million I did build some revenue in the 5-year projection. The projection is half of the SEV is the taxable value 50% of that because of the exemption. Mr. Fowler said he thought we should estimate it a bit lower because the way things are filed. We should estimate half of that. Budgeted less because taxable values are lower. Estimate half multiplied by tax rate 2021. Should be the year we should start seeing some revenue.

Health insurance rate budgeted at 15%. We have two plans. That is the main plan only a few people in the other plan. The second plan did not go up as much.

Principal and interest on debt has been budgeted at actual amount according to the debt schedules I estimated depreciated any assets we have depreciating. It does not cover anything new. Those capital assets and any depreciation relating to those are reviewed by you and budgeted by you.

Mr. Smith inquired how Fire department projection summary the $350,000.00 purchase for breathing apparatus in 2020. Ms. Moffitt explained she was going to go over the 5 year forecast separately.

Prepared how it was done in the past. Did have to increase IT fund it is an internal service fund based on number of computers. This current year we eroded some fund balance. We couldn't do it this next year because there wasn't enough fund balance left.

Mayor Zelenko directed Council to the Supplemental area of the budget. If you need anything additional please let us know a couple of days before that budget so we can get you the information.

Mayor Zelenko Supplemental salaries Michigan transportation fund debt summary capital asset request.

2. 5 Year Forecasts

Ms. Moffitt stated she gave you a 5 year projection for general Fund, fire department, and police department. It starts out with projected figures for 18-19 and then projects forward if something changes during the budget process that will affect this projection will change going forward. I listed at the bottom of the front page of each the budget assumptions. The taxes we are projecting a 2 percent increase in 2020 and then 1.5 percent in the remaining years I added an estimated tax increase for the new General Motors facility in 2022.

State revenue sharing at increase is estimated at 2 percent. Health insurance cost increase at 10 percent annually. I did build in a 2 percent increase for supplies, utilities and property and liability insurance. I did not build in any type of retirement rate increase employer portion. We don't really know, we anticipate SEIU going down but we are still in negotiations with other groups. The principal and interest payments on any debt have been put in according to debt schedules.

We used Forecast 5 for projections. Wanted to create own document ran out of time and used this program I had them tweak a couple of things. They had salaries and benefits all on one line so I had them separate them out so you could see the percentage increases on those. Fire and police transfers separately on expenditures going out. Then fire and police you can see they are under revenue coming in. In each column under the year it gives the amount and then after it there is percent there is a triangle that means change. That includes the 2% for revenue sharing but averages out to 1.86%. Salary line there is virtually no increase there.

Mr. Smith asked about the police fund transfer $200,000 goes up to$ 470,000 increase in upcoming years and wanted to know the difference. He wondered if it included salaries. Ms. Moffitt explained it did and she would explain when they went over police budget projections.

These figures should agree with what is on the police budget report police transfer out should agree with what is coming in. list revenue and expenditures difference between revenue and expenditures is either your surplus or deficit. The positive numbers are revenue exceeding the expenditure and where red the expenditure is exceeding the revenue.

Under the surplus deficit we start with our beginning fund balance and add in surplus or deficit as in 2019 you add in the fund balance the number of months of expenses. Attached are some charts. Each column gives amount your positive numbers fund balance number of months charts revenue vs. expenditures fiscal year surplus and deficit 6 year trends revenue by source.

Mr. O'Keefe asked about the line item for the MERS one million dollar line item. Wondered if it was in other costs this year. Would like to see it broken out. Mr. O'Keefe asked what year do we violate our fund policy? Mr. Smith stated 2 years ago. Mr. O'Keefe said he know that it was a rhetorical question. We put policy in place and we just ignore it.

Mr. Smith stated that Pam had some questions how police put together. She didn't feel it was as accurate as could be. Pam is working with the administration to try to clean it up a little bit. On page 51 in proposed budget is the fund balance computation and ginger had tweaked this based on information from Pam. In the past we had used total expenditures and Pam had indicated we should use operating expenditures net some of the transfers. If you look at that page it indicated the fund balance floor is $741, 2018-259 for 2019 if we are using that formula then we are fine.

Ms. Moffitt stated that listed on the bottom of the page police fund 36 officers each year not listed on general fund. Same assumption as on the general fund. If you look at the summary 18-19 projecting to overspend police budget by $288,200. Why did the transfer go up in 2020 because we eroded the fund balance down to $35,679 you can take it from fund balance but once you spend your fund balance there is nothing left you have to adjust your budget or you have to increase the transfer from the general fund? During these budget discussion you may change things. Based on 36 officers didn't change anything according to costs related to that. May be higher than that because of negotiations. Spoke with police department to see if there are any other costs.

Karen said we have already budgeted for the replacement of three police vehicles each year. During the budget process that may change these figures. Mr. Heffner asked where the police vehicle replacement was in the budget. Karen stated it was on page 24 line number 2007-2007-985.0000 police vehicles. Budgeted at $102,000.00. The police budget projected year-end balance is pretty tight. I adjusted it so it wasn't too tight because if something goes over like more overtime you don't want a deficit situation. On the other hand I know you are trying to make reductions. You also don't want to build up to much these are just projection and based on anything you do this may change.

Mr. Smith inquired about cameras at police department do they work? Is there going to be a methodology to use those cameras moving forward? Police cameras are used every day. Mr. Hayman stated they didn't address the police cameras during the internal review. The majority of the concerns were about the police officers. We have the cameras there. In their response they stated that even cameras that aren't working are a deterrent.
Mr. Heffner inquired if cameras are in the budget for DPW. Mayor Zelenko stated they were not because the report had not come out prior to the budget getting put together. Mr. Heffner asked if we could get something together before we bring them in. Mayor Zelenko stated the departments are working on these things for when their budget comes up.

Mr. Abbey stated that at one time there were cameras in a lot of different locations in DPW internal and external and on corners of the back building on the barn. We need to identify what areas we want cameras. All about costs we know we want them over the gas pump and diesel gas pump. Our thinking is the ingress and egress. We had them pointing out back so we could see the barns. Mr. Heffner stated aiming at the pole barn. Have to bring them in and show them what you want to accomplish. Mayor Zelenko stated she would like to add outside cameras for City Hall because people work late hours.

Mr. Wells inquired about the process for getting gas. Mr. Abbey explained that when you pull up to the pump you have to push in your code, employee number, what the mileage is on your vehicle then clear you to pump gas and then it logs number of gallons you took for that truck with that mileage. The camera would show which truck was being filled up.

Mr. Wells asked what cameras are going to do? Catch someone picking their nose? Summer help fills up mowers and gas cans. Mr. Wells asked if Police use same pump. Mr. Abbey stated they can. Mr. Abbey stated that the Senior Center uses the pumps as well.

Mr. Heffner stated we need a system for payment. A better logging system/ log book. Purchase orders in receipt - code for school. Mr. Abbey stated that the school has a code and they get billed for their usage. If they stole a million gallons the school is paying for it because there is one code. They get billed out for all the gallons that went through that code. It gets recorded in Motorpool

3. MERS

4. Healthcare

Ms. Warren stated the health insurance rates are projected to increase 15%. We are looking to make some changes with our stop-loss hoping it will reduce our illustrative rates. 14.65% in healthcare. MERS rate waiting on that. AFSCME flat dollar rate waiting on recalculations for SEIU. New rate June of 2018 take effect July of 2019.a month and half before we get our next projection. Won't get new rates until July of 2018 won't take effect until July 2019. Won't see a big saving for SEIU. AFSCME has had almost a full year. Talking to MERS daily to get rates especially for SEIU to get ready for budget.

Mr. Smith stated they were looking at labor and MERS contribution. That could have a big impact on these numbers.

5. Supplemental Information

Ms. Moffitt speaking about the fire department. 2020 Self-contained breathing apparatus- other costs transfer line transfer $150,000.00 fire capital fund to purchase new vehicle built into 2021. We need to get back on schedule. There is a reduction in debt payment. Will wait until Chief comes in.

Mayor Zelenko said that with each budget she has built in to talk about the Capital asset funds for each area.

Mr. Martinbianco stated that $375,000.00 was denied last year for the Vactor truck. Boring machine - $150,000.00. Air compressor was approved at $40,000.00 - listed as denied. Patcher at $20,000.00. Pumper truck was approved at $575,000.00. Truck has been delivered.

Mr. Heffner asked about the dump truck

Ms. Moffit responded that it was an internal service account would not have
There was $53,200.00 ended up in fund balance carry over capitalize as asset.

Mr. Abbey replied the number would be different. Insurance doesn't pay for the whole truck. You have to take the chassis off the underbody and dump box which is part of the $53,000.00. The brakes melted. We are going to use the old body and we have to paint and clean the lines and cylinders. Put stuff on at the manufacturer

Mr. Martinbianco reimbursement on asset.

Mr. Abbey - determined how fire started several people to assess what is salvageable - chassis rail with box
Paint hydraulics box retrofitted white trucks two foot longer older model try to match to existing equipment

Mr. Wells - insurance liability determined once done do we have to certify it.

Mr. Abbey stated he wasn't sure of the procedure

Mr. Martinbianco questioned about the building to store equipment at what cost

Mr. abbey replied gray barn behind new big trucks graders want longevity set out in sun all summer long need a lean to building to get out of the direct sun light Plug in out of elements lot of good work no facility to protect vactor truck pretty old pretty rough shape emergency plan hydraulic hoses go bad rubber tires get weather checked.

Mr. Martinbianco size wise motorpool eliminate require site plan traffic flow

Meeting was adjourned at 7:45 PM.

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