

**A BUDGET WORK SESSION OF THE THIRTY-FIFTH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN
WAS CALLED TO ORDER AT 6:00 PM ON MONDAY, MAY 12, 2014 BY MAYOR PHIL O'DWYER**

PRESENT: Steve Baker
Jack Blanchard
Tina Edgar
Alan Kideckel
Eileen Steadman
Daniel Terbrack
Phil O'Dwyer

ALSO

PRESENT: Jane Bais-DiSessa, City Manager
Darchelle Strickland Love, Assistant to the City Manager
David Sabuda, Finance Director
Laurie Fielder, Staff Accountant
Phommady A. Boucher, City Clerk
Richard Eshman, Public Safety Director
Selena Frost, Administrative Secretary/Aide
Mike Crum, Lieutenant/Detective
Tom Colwell, Parks and Recreation Director
Theresa McArleton, Parks and Recreation Deputy Director
Scott Jennex, Parks and Recreation Programmer
Bryan Halter, Ice Arena Maintenance Leader
Judge Jamie Wittenberg, 45A District Court
Tami Bone, Court Administrator, 45A District Court
Betty Smith, Parks and Recreation Advisory Board

APPROVAL OF AGENDA

Councilmember Kideckel moved to approve the Agenda.
Seconded by Councilmember Blanchard.
Motion Approved unanimously.

BUDGET WORK SESSION: Matter of a discussion of the proposed 2014-2015 City of Berkley Budget.

The City Manager and the Finance Director gave a presentation describing the proposed budget for 2014-2015. Highlights of the Budget include the CERP and CIP Plans, to replace outdated capital equipment, Seven Year Capital Equipment Replacement Plan, new investment in City infrastructure, and the Seven Year Capital Improvement Plan. Personnel Services in all funds is \$7,820,721. The proposed revenue budget across all operating funds for 2014/2015 is \$23,439,111. The proposed expenditure budget across all operating funds for 2014/2015 is \$23,863,433. A difference in this budget from last year is the Capital Improvement Fund, which is proposed to be \$97,568. There is an estimated ending fund balance for 2013/2014 of \$3,483,164.

General Fund Operating Expenditures are recommended at \$11,017,364. Ms. Bais-DiSessa reviewed the General Fund in a yearly comparison as it pertains to revenues, expenditures, transfers and fund balance.

General Fund Property Tax Revenue is \$6,515,968. This includes General Operating Funds, Community Promotions, Public Safety Pension, and General Voted mills.

State Shared Revenue is projected to be \$1,162,227 and has remained stagnant.

General Fund Expenditures include operating, salaries and benefits, health/life care benefits which will approximately be \$11,017,364.

The \$3.00 mill levy distribution expense highlights include: Major Streets/Roads, Local Streets/Roads, Solid Waste Fund, the capital improvements in the General Fund, equipment purchases, continuation of a recreation department position, healthcare/operations costs, and continued additional GASB 45

contributions. Ms. Bais-DiSessa reviewed the Capital purchases including Public Safety vehicles, improvements to Jaycee and Lazenby for Parks and Recreation Department, Arena repairs, Library building improvements, and Fiber Optic Cable for Communications.

For the Other Post Employment Benefit Contributions (GASB 45) in 2014/2015, a new study is required for an Actuarial Annual Estimated Liability (ARC) leaving the Cumulative Liability amount unknown.

Expenditures will be \$1,551,957 for Major Streets in 2014/15 and \$568,796 for Local Streets. The expenses include: street and catch basin maintenance, street sweeping, Coolidge rehabilitation from 12 Mile to Webster, tree maintenance and replacement, maintenance and replacement of signs and pavement marking, winter maintenance, boulevard and facility ground maintenance, administration and major street support to local streets.

Solid Waste expenditures are projected at \$1,265,076. These expenses are the residential disposal fee that has been maintained for the 8th fiscal year at \$30.20/year per resident dwelling or \$7.55 per quarter per resident dwelling, including rubbish pick up and disposal along with leaf pickup. The proposed monthly commercial dwelling and business dumpster disposal fees are listed by type of container and monthly charge for pickup and disposable.

The Downtown Development Authority has \$67,592 in expenditures from the Ad Valorem and \$234,620 in expenditures from the TIF Capture. The Ad Valorem includes DDA events, street maintenance, and operations. The TIF Capture includes building improvements, annual debt payment, and tax tribunal expenses.

Finance Director Sabuda reviewed the Special Revenue Funds for City Council. He noted that the City has stabilized fund balances in Major Streets and Local Streets Funds as well as the Solid Waste Fund. He noted that DDA revenues are declining; however, DDA is paying for \$12,600 of improvements at the Library. He reviewed the Debt Service Fund, which is a long-term debt including principal and interest. These funds include the DDA Streetscape/Intersection (one year remaining), George Kuhn Drainage Bonds, Major and Local Street Bonds (one year remaining), 11 Mile Road Project Bonds, and 12 Mile Road Project Bonds (one year remaining).

Public Improvement Funds include District Court building fund for security radios and firearms for security. The total cost for this project is budgeted to be \$5,200.

Total revenues for the Arena for 2014/2015 are estimated to be approximately \$499,150. The City estimates rental fees will be \$372,750. The expenditures include salary and fringe benefits, utility costs, capital improvements, and operating costs for a total of \$495,288.

Finance Director Sabuda provided Council with the proposed water and sewer rate increases for the 2014-2015 fiscal year. Berkley will realize a 4% increase in wholesale consumption water rates from the City of Detroit. SOCWA will pass through a 4% increase in their consumption water charge for a net 4% consumption rate increase in wholesale water rates. Berkley will realize a 5.9% increase in City of Detroit/Wayne County wholesale consumption sewer rate charges and 5.9% increase in the Oakland County Drain Commissioners sewer rate consumption charge for a net 5.9% increase in the net consumption wholesale sewer charge.

Water and Sewer expenditures include bulk water and sewage charges, storm flow by-pass, the Kuhn Drain Debt payment and City operations. Expenditures also include SAW Grant, sewer relining, water meter replacements, concrete repair, lead service replacements, and hydrant replacements. Finance Director Sabuda noted that Detroit and Water Resource Commission will convert to a fixed sanitary service charge effective July 1, 2014. There was no recommendation to change the budget as presented.

Proposed increase for retail customers is 4.3% from \$1.64 to \$1.71 for water service and a 4.5% increase for sewer service from \$1.79 to \$1.87. The total proposed water service fixed charge revenues (ready to serve) is proposed to be \$1,420,245 and the rates vary based on the size of your service line. The proposed billing revenue charge to cover the cost of reading meters, preparing water bills and maintaining water payment records is proposed to be \$84,022 which reflects a 1.7% decline.

The Internal Service Funds leave benefit accruals is recommended at \$11,627.

District Court expenditures are recommended to be \$701,130 for the 265 Fund and \$4,600 for the 266 Building Fund.

The Public Safety Act 345 Pension fund is doing well as the market slowly rebounds. The fund retained earnings is estimated to be \$18,374,151 at the end of 2014/15.

The following departmental budgets were discussed:

Public Safety

Funding for wages of administration, dispatch, animal control, command, and patrol were reviewed by the City Council. Finance Director Sabuda informed City Council of the correction from the Public Safety Operations Contractual Services. The first correction is changing the Date Processing footnote Firearms to Fire RMS. Secondly, to move the footnote amount from the Blood Draws account to the Contractual Services account and to correct the amount from \$4,500 to \$3,000. As presented in the PowerPoint presentation, in the General Fund there is a budget to replace two patrol vehicles in the amount of \$64,000. Discussion followed on the budgeting for six rifles and two practice rifles, in which four rifles will be kept in four primary vehicles.

Public Safety Retirement System

Items discussed included Public Safety Retirement System costs, post-employment health care benefits for Public Safety employees, expenditures for distributions from the pension system, legal, and actuarial services were reviewed.

Public Safety Pension

Items discussed included Public Safety Officers retiree benefit payments, administrative payroll, consultant fees, and expenses for actuarial services, legal services, and liability insurance. Finance Director Sabuda mentioned that the Public Safety Pension Board is not covered under the General Liability Insurance; therefore, the Public Safety Operations Liability Insurance is budgeted for \$7,100.

Parks and Recreation

Expenditures in the General Fund, CDBG and Recreation Revolving funds were reviewed. Councilmember Blanchard made a recommendation to list items for Miscellaneous Services in the General Fund. The Recreation Department has a "revolving" fund whereby the cost of programs is paid directly by user fees. This does not include wages of the employees. CDBG Fund includes various park improvements for Lazenby Field budget amount of \$28,514. Councilmember Blanchard made a recommendation to change part time employees from 2 employees to 1 employee in the Recreation Revolving Fund. Included in the Recreation Revolving Fund is the Land Improvements for Jaycee Park budget amount of \$16,500. The Arena Fund includes some salary, fringe benefits, and operation costs. Concluding the review is the Arena Fund building improvements account for the arena repairs budget in the amount of \$87,000.

45A District Court

Finance Director Sabuda noted in the office supplies account there is an increase to \$18,500 which includes the changeover to the 44th District Court. Judge Wittenberg noted in the building improvements account for the amount \$3,000 is the purchase of radios and \$1,600 for Public Safety guns. Councilmember Blanchard asked the court to ensure the radios being purchased are compatible to those currently used in the Public Safety Department. Staffing expenditures were discussed. Judge Wittenberg distributed statistical information on the court, including a snapshot of caseload, staffing, types of cases, monies collected and statistics related to the Probation Department.

City Council

Items were reviewed for expenditures for Mayor and City Council including meetings and conferences, payroll, and memberships. There is an increase in the meeting and conferences account in the amount of \$2,950 for the National League of Cities Participation expense.

City Manager

Items were reviewed including salaries, continuation of the part-time internship program, and professional development for the Assistant to the City Manager. City Hall includes expenses that are for the building in total, including supplies, general liability insurance, tax tribunal, and utility expenses. Ms. Bais-DiSessa informed the City Council of the Class and Compensation Study budgeted amount of \$25,000. This study will include job descriptions, pay deficiency, Federal and State regulations, and job classifications.

City Attorney

The City Attorney line item was discussed including funding for liability insurance and labor attorney personnel costs.

City Hall

City Hall includes expenses that are for the building in total, including supplies, general liability insurance, tax tribunal, and utility expenses. City Manager Bais-DiSessa noted the telephone account is budgeted for less than previous years and the scope of the Branding Study is near completion with the approval of funds.

Community Promotions

Items reviewed include the home show which will be under review, the amount of the mills levied, programs that are provided out of the millage, as well as suggestions for future projects.

Information Technology/Communications

Funding for wages and supplies is provided as well as various equipment including computer software, annual maintenance, and program improvements. The Fiber Optic Cable is budgeted for \$10,400 in the contractual services account and for \$75,000 in the office equipment account for the Communications Department. These amounts are for the Fiber Optic Cable Consultant, the U Stream and Live Stream, and replacement of the T-1 Lines. The five iPads in the amount of \$5,000 from the office equipment account and HVAC replacement in the amount of \$9,800 from the building improvements is for the Information Technology Department.

Downtown Development Authority

The DDA expenditures include their annual audit, administration, compensation for DPW employee who performs services for the DDA, special events, website maintenance, social media, advertising, trolley, summer maintenance, flowers and planters. In the building improvements account is the funding for the Library Building Improvements in the amount of \$12,600.

Mayor O'Dwyer thanked the City Manager, Finance Director and staff for their presentations for the 2014/15 budget.

ADJOURN

Councilmember Kideckel moved to adjourn the work session at 8:50 PM.
Seconded by Councilmember Blanchard.
Motion Approved unanimously.