

**A BUDGET WORK SESSION OF THE THIRTY-FIFTH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN  
WAS CALLED TO ORDER AT 6:30 PM ON MONDAY, MAY 11, 2015 BY MAYOR PHIL O'DWYER**

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**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  
Mike Crum, Lieutenant/Detective  
Matthew Church, Library Director

**APPROVAL OF AGENDA**

Councilmember Kideckel moved to approve the Agenda.

Seconded by Councilmember Baker.

Ayes: Blanchard, Edgar, Kideckel, Steadman, Terbrack, Baker, and O'Dwyer

Nays: None

Motion Approved.

**BUDGET WORK SESSION:** Matter of a discussion of the proposed 2015-2016 City of Berkley Budget.

The City Manager and the Finance Director gave a presentation describing the proposed budget for 2015-2016. Highlights of the Budget include the CERP and CIP Plans, to replace outdated capital equipment, Seven Year Capital Equipment Replacement Plan, new investment in City infrastructure, and the Seven Year Capital Improvement Plan.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 \$7,305,435. The proposed revenue budget across all operating funds for 2015/2016 is \$22,410,637. The proposed expenditure budget across all operating funds for 2015/2016 is \$22,104,896. A difference in this budget from last year is the Capital Improvement Fund, which is proposed to be \$3,051. There is an estimated ending fund balance for 2014/2015 of \$3,374,105.

General Fund Operating Expenditures are recommended at \$10,159,016. 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 \$6,579,083. This includes General Operating Funds, Community Promotions, Public Safety Pension, and General Voted mills.

State Shared Revenue is projected to be \$1,198,038 and has remained stagnant.

General Fund Expenditures include operating, salaries and benefits, health/life care benefits which will approximately be \$10,184,359.

The \$3.00 mill levy distribution expense highlights include: Major Streets/Roads, Local Streets/Roads, Solid Waste Fund, and 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, Community Center improvements, Oxford open space design and improvements to Lazenby for Parks and Recreation Department, Library building improvements, and complete Fiber Optic Cable project for Communications.

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For the Other Post Employment Benefit Contributions (GASB 45) in 2015/2016, City Council authorized an increase of \$10,000 from the amount of \$231,200 to \$241,200 to cover the estimated interest expense on the liability.

Expenditures will be \$72,939 for Major Streets in 2015/2016 and \$604,016 for Local Streets. The expenses include: street and catch basin maintenance, street sweeping, 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 \$1,265,516. These expenses are the residential disposal fee that has been maintained for the 9<sup>th</sup> 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 \$65,439 in expenditures from the Ad Valorem and \$258,400 in expenditures from the TIF Capture. The Ad Valorem includes DDA events, street maintenance, and operations. The TIF Capture includes capital 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 \$20,500 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 (zero year remaining), George Kuhn Drainage Bonds, Major and Local Street Bonds (zero year remaining), 11 Mile Road Project Bonds, and 12 Mile Road Project Bonds (zero year remaining).

Public Improvement Funds include building fund for the City Hall architect design. The total cost for this project is budgeted to be \$40,000.

Total revenues for the Arena for 2015/2016 are estimated to be approximately \$434,321. The City estimates rental fees will be \$371,720. The expenditures include salary and fringe benefits, utility costs, capital improvements, and operating costs for a total of \$437,938.

Finance Director Sabuda provided Council with the proposed water and sewer rate increases for the 2015-2016 fiscal year. Berkley will realize a 14% increase in wholesale consumption water rates from the City of Detroit and SOCWA. Berkley will realize a 2.6% increase fixed basis or 9.5% increase on a variable basis in wholesale consumption sewer rate from the Oakland County Water Resource Commissioners.

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, vehicle/equipment replacement, 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, 2015. There was no recommendation to change the budget as presented.

Proposed increase for retail customers is 13% from \$1.71 to \$1.93 for water service and a 9% increase for sewer service from \$1.87 to 2.04. The total proposed water service fixed charge revenues (ready to serve) is proposed to be \$1,477,650 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 \$80,630 which reflects a 6.1% decline.

The Internal Service Funds leave benefit accruals is recommended at \$31,788.

District Court revenue is recommended to be \$250,000 and expense is recommended to be \$0 for the 265 Fund.

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The Public Safety Act 345 Pension fund is doing well as the market slowly rebounds. The fund retained earnings is estimated to be \$18,405,363 at the end of 2015/2016.

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 following are corrections: for the ammunition account footnote changing duty rounds from "223.56 rounds" to "223 or 5.56 rounds"; for the equipment maintenance account, the radio maintenance will change based on Oakland County's requirements; for the Fire Truck Maintenance account, add footnotes of each cost for a total amount of \$15,000; and for the professional development account, include funding for emergency management training. 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.

#### 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.

#### 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.

#### Library

Salaries and fringe benefits, staffing hours, materials and supplies, contractual services, insurance, utilities, and capital outlay were reviewed. A correction in the building maintenance account footnote changing the routine building repairs and maintenance requested amount from "\$1,500" to "\$4,000". Finance Director Sabuda concluded the review confirming the Library building improvements budgeted in the DDA Tax Capture Fund and Library Director Church gave a brief overview of updates to be made.

#### 45A District Court

As presented in the PowerPoint presentation, in the Building Fund 266 there is a budget for the City Hall architect design in the amount of \$40,000.

#### City Council

Items were reviewed for expenditures for Mayor and City Council including meetings and conferences, payroll, and memberships. There is a recommendation for the meeting and conferences account to incorporate funds for emergency management training.

#### 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. City Council made a recommendation to promote Darchelle Love from Assistant to the City Manager to the Assistant City Manager. Also, to add a Secretary position and part time Chief Innovation Officer to the City Manager's Office.

#### Information Technology/Communications

Funding for wages and supplies is provided as well as various equipment including computer software, annual maintenance, and program improvements. As presented in the PowerPoint presentation, in the capital outlay there is a budget for the Fiber Optic completion in the amount of \$25,000. City Council recommendation for the operating system changes to consider a five year replacement program.

#### Community Promotions

Items reviewed include the amount of the mills levied, programs that are provided out of the millage, as well as suggestions for future projects.

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City Attorney

The City Attorney line item was discussed including funding for liability insurance and labor attorney personnel costs. City Council recommendation for the City Manager is to review the current City Attorney's contract for future discussions.

City Hall

City Hall includes expenses that are for the building in total, including supplies, general liability insurance, tax tribunal, and utility expenses. As presented in the PowerPoint presentation, in the Building Fund 266 there is a budget for the City Hall architect design in the amount of \$40,000. City Hall review concluded with the cable franchise administrative fee.

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 \$20,500.

Mayor O'Dwyer thanked the City Manager, Finance Director and staff for their presentations for the 2015/2016 budget.

**ADJOURN**

Councilmember Kideckel moved to adjourn the work session at 9:25 PM.

Seconded by Councilmember Steadman.

Motion Approved unanimously.

Attest:

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Phil O'Dwyer, Mayor

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Phommady A. Boucher, City Clerk