

**A BUDGET WORK SESSION OF THE THIRTY-SIXTH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN
WAS CALLED TO ORDER AT 6:30 PM ON MONDAY, MAY 8, 2017 BY MAYOR PHIL O'DWYER**

PRESENT: Steve Baker
Jack Blanchard
Colleen Graveline
Eileen Steadman
Daniel Terbrack
Phil O'Dwyer

ABSENT: Alan Kideckel

ALSO PRESENT: Matthew C. Baumgarten, City Manager
Darchelle Strickland Love, Deputy City Manager
Sabrina Lilla, Finance Director
Phommady A. Boucher, City Clerk
Laurie Fielder, Accountant
Richard Eshman, Public Safety Director
Robert North, Interim Public Safety Director
Corey Miller, Public Safety Sergeant
Matthew Church, Library Director
Ross Gavin, member of the Downtown Development Authority Board of Trustees

APPROVAL OF AGENDA

Mayor Pro Tem Baker moved to approve the Agenda.

Seconded by Councilmember Terbrack

Ayes: Blanchard, Graveline, Steadman, Terbrack, Baker, and O'Dwyer

Absent: Kideckel

Nays: None

Motion Approved.

CITIZENS COMMENTS: None

POWERPOINT PRESENTATION: Matter of receiving a PowerPoint presentation by the Finance Director.

Finance Director Sabrina Lilla gave a presentation describing the proposed budget for FY 2017-2018. Highlights of the budget include the General Fund Revenue, General Fund Expenditures, and General Fund Balance. She reviewed the advantages and challenges for a multiyear budget and the FY 2019 assumptions. For Property Tax, Proposal A limits the growth in taxable value to the lesser of 5% or the rate of inflation and the inflation rate for 2017 was .9%. The taxable value remains lower than the State Equalized Value (SEV) but from 2012 to 2014 the values were comparable. The Headlee Rollback reduces millage when annual growth on existing property is greater than the rate of inflation. The estimated levy for 2017-2018 is \$6,807,601 for general fund levy and \$1,199,561 for special revenue and debt levy. Compared to its neighboring communities, Berkley's population is at 14,970, the total millage rate for 2015 was 15.8215, the property taxes for a \$75,000 taxable value is \$1,187, and that generates \$500,000. The historical tax rates include the voter approved operating millage, the police and fire operating millage, the sanitation millage, the community promotions millage, the Public Safety PA 345 millage, and the debt millage. The average home owner will see a FY 2018 tax levy savings of \$39. State Shared Revenue is the largest source of revenue and there has been an increase of 0% to the local municipality. The charges for services include the breath test fee, garbage bags, library services, internal services, dispatch services, animal control services, grass and weed cutting, gas sales, cable franchise fees, and Public Safety services. Other revenue highlights include licenses and permits, fines and forfeitures, investment earnings, property and equipment rental, contributions and donations, miscellaneous, and Transfers In. Majority of the General Fund Expenditures is for salaries and fringe benefits at 69%, Contractual Services at 10%, and Capital Layout at 8% with a total expenditure of \$11,123,130. Salaries, fringes, and healthcare cost for FY 2018 are \$7,623,602, a 3.2% increase from FY 2017 of \$244,333. Contractual Services for FY 2018 are \$1,154,750 a \$4,400 decrease from FY 2017. The Capital Outlay for FY 2018 is estimated at \$853,097 for major projects in the Public Safety and Public Works Department. The Capital Outlay for FY 2019 is estimated at \$1,768,303 for major

Budget Work Session

May 08, 2017

Page 2

projects in the Public Safety and Public Works Department. The major Department expenditures are 43% in the Public Safety Department, 23% in the City Hall, 13% for the Retirees, 12% for the Public Works Department, 6% in the Library, and 3% for Parks and Recreation Department. The industry standard is 10%-0% fund balance to expenditures ration, the State of Michigan fiscal distress indicator is 13%, and Berkley is budgeted at 34% for FY 2018 and 21% in FY 2019. General Fund revenues are property taxes, license and permits, state and federal revenue sources, charges for services, fines and forfeitures, investment earnings, property equipment rentals, and miscellaneous.

BUDGET WORK SESSION: Matter of a discussion of the proposed 2017-2018 City of Berkley Budget.

The following departmental budgets were discussed:

City Council

Items that were reviewed include salaries, memberships, and meetings and conferences.

City Manager

Items that were reviewed include salaries for 3 full time staff, memberships, and professional development for the City Manager's Office.

City Attorney

Items that were reviewed include labor attorney fees, city attorney fees, and brand trademark fees.

City Hall

Items that were reviewed include contractual services for architectural fees for city buildings, liability insurance for City Hall, Loss expenses, building maintenance, and office equipment rental. The Planning/Wayfinding project is budgeted for FY 2017/2018 and FY 2018/2019. The cable franchise admin fee was moved from account #101-265-923-000 in the City Hall budget to account #101-750-923-000 in the Communications budget.

Community Promotions

Items that were reviewed include community promotion, memberships, website hosting and updates, contractual services, cable production, and the Berkley Buzz magazine.

Public Safety

Items that were reviewed include funding for wages of administration, dispatch, animal control, command, and patrol officers. There is a slight increase over the prior year for insurance costs and retirement costs. Dispatch was decreased by 34%, there will be a retirement savings, a decrease in E-911 maintenance costs, and building improvements. The department operations will have a 1% increase from previous year, a 10% increase in HDLO, 8% increase in retirement costs, office supplies and stationary accounts were combined into one account (728-000 and 729-000). The vehicle and fire truck maintenance will be higher than FY 2015 and FY 2016. Building Improvements will include the 2nd floor conference room security door and the fire hall rehabilitation. Vehicles to be purchased are 2 Ford utility vehicles, 1 administrative vehicle, car computer replacements, and a fire truck for FY 2019.

Public Safety Retirement System

Items that were reviewed include property taxes revenue, investment earnings revenue, salary expense, contractual services expense, and liability insurance expense.

Public Safety Pension

Items that were reviewed include no planned OPEB contributions in FY 2018 and FY 2019 and a transfer out to Recreation Revolving Fund. Moving \$27,408 of additional contribution to closed plan to HDLO GASB 45 contribution in account #101-954-716-718.

Library

Items that were reviewed include department expenditures, salaries and fringes, and building improvements increase. These building improvements will be to replace carpet in the meeting room, replace carpet in the young adult room, replace the dumpster, add 2 concrete ramps to the rear of the building, and replace stacking chairs and tables.

Communications/Information Technology

Items that were reviewed for the Communications Department include Fiber Optic project in FY 2016, the Cable Franchise Admin Fee moved from the City Hall budget, the camera upgrade in the council chambers, and the MERS retirement fund savings. Items that were reviewed for the Information Technology Department include the office equipment purchases and computer software updates. The office equipment purchases are the tablets for council, the tablets for directors, and the new phone system. The computer software updates is the Microsoft licensing, antivirus renewal, backup software renewal, the Fiberlink Ipad management, and the Google aps maintenance.

Downtown Development Authority

Items that were reviewed include the consolidation of Fund 814 (DDA) and 815 (DDA-TIF) Fund 814, administrative costs, special events, street maintenance, DDA capture, and capital projects. The County Oakland Irish Fest budget for FY 2018 and FY 2019 will be \$628. The Placemaking/Public Art program budget for FY 2018 will be \$15,000 and FY 2019 will be \$17,500. Revenues include 13.9% from tax revenues, 67.5% from property tax captures, 10.9% from state reimbursements, and 7% from contributions/donations. Expenditures is for the Placemaking/Public Art program, the design guidelines, Facade Grant Incentive program, Streetscape improvements, and the Wayfinding study.

Capital Project Funds (pg. 173)

Items that were reviewed include court building fund and the sidewalk fund. The court building fund has been transferred out to the general fund for architectural costs. The sidewalk fund accounts for special assessment levies related to city wide sidewalk program and engineering costs to major and local streets.

Mayor O'Dwyer thanked the City Manager, Finance Director and staff for their presentations of the 2017/2018 budget.

ADJOURN

Councilmember Steadman moved to adjourn the work session at 8:44 PM.

Seconded by Councilmember Graveline.

Ayes: Graveline, Steadman, Terbrack, Baker, Blanchard, and O'Dwyer

Absent: Kideckel

Nays: None

Motion Approved.

Phil O'Dwyer, Mayor

Attest:

Phommady A. Boucher, City Clerk