

OWOSSO CITY COUNCIL

MAY 16, 2012

7:00 P.M.

PRESIDING OFFICER: MAYOR BENJAMIN R. FREDERICK

PRESENT: Mayor Benjamin R. Frederick, Mayor Pro-Tem Cindy S. Popovitch, Councilpersons Loreen F. Bailey, Thomas B. Cook, Michael J. Erfourth, Christopher T. Eveleth, and Burton D. Fox.

ABSENT: None.

The Council moved to set a time limit of 8:30 p.m. for discussion. It was noted further discussion may require another special meeting.

DISCUSSION – 2012-2013 PROPOSED BUDGET

City Manager Donald D. Crawford indicated that he would guide the evening's discussion through the proposed budget by accounting center, similar to the form of the audit report.

1. General Fund

A. Estimated revenues

City Manager Donald D. Crawford noted that revenues continue to fall and they are the driving force in this proposed budget. He noted that he did not anticipate movement on personal property tax despite the fact the State Senate recently passed a bill to eliminate the tax. It is anticipated the legislature will act by the end of the year. The budget as presented does not account for the potential loss in this revenue.

B. Estimated expenditures

- (1) General services--city council, city manager, finance, assessing, city attorney, clerk, personnel, treasury, information and technology, cable commission

City Manager Crawford noted there was virtually no change in the estimated expenditures for this cost center other than the decrease in payroll due to a reduction in personnel. He noted very little capital outlay is planned other than some IT expenditures and new sound equipment for the Council Chambers.

- (2) Community development--building and safety, community development, Special Revenue Funds--Community Development Block Grant Revolving Loan Fund and Housing and Community Development Fund.

City Manager Crawford noted the hire of a full time building official as the major change in this cost center. He indicated that forecasting for the Housing Program is difficult due to the fact they rely on grant funding and he felt the only responsible way to budget for such programs was to wait until the money was in hand. He noted anticipated potential changes in the program due to ongoing local discussions about instituting more regionalization. Again he pointed out that due to the nature of the discussions it was difficult to predict just what those changes may be.

- (3) Public safety--police, fire, emergency medical

City Manager Crawford noted the major change to this cost center was the reduction of two staff positions. He also noted the final payment on the ladder truck would be made this year, marking

an end of a large budget expenditure. He went on to say that actions were being taken to try to move the Department toward a more preventative focus rather than a response focus.

There was discussion why there seemed to be no reduction in the payroll for the department, the nature of contractual costs for this cost center, issues with the County 911 board's decision to pass along maintenance costs to the local units rather than absorbing the costs themselves, and issues with the County's stance on animal control. It was suggested resolutions be drawn up to express Council's feelings on the matters.

- (4) Public works--buildings and grounds, public works, leaf and brush collection, parking, parks
Special Revenue Funds--Major Streets Fund and Local Streets Fund

City Manager Crawford noted that personnel costs in this area were projected as flat due to the hire of a full time code enforcement officer, contractual raises, and a corresponding reduction in staff through attrition. The proposal for this cost center included little other than the overhaul of some existing equipment and the purchase of select pieces of new equipment. He noted that he felt the City could see significant savings over time by purchasing new snow removal equipment, specifically salt spreaders. The purchase of a street patching machine was also proposed.

He went on to say that the proposal included efforts to control cost by contracting out for certain services including mowing, tree trimming and tree removal. No large expenditures were planned for the parks system though maintenance of existing facilities was provided. Council encouraged further use of contractual vendors to perform maintenance duties.

There was discussion regarding how labor costs shift from cost center to cost center depending on what projects are planned for the year and what factors have led to the dramatic increase in retirement costs.

2. Special Revenue Fund--Historical Fund

City Manager Crawford noted there was no anticipated change in this fund for the coming year.

There was a brief discussion regarding the home tour. It was noted the Historical Commission was not able to come to a consensus on whether or not to hold a home tour this year.

3. Debt Service Funds

- A. 2010 General Obligation Bonds Fund
- B. 2009 Long-term General Obligation Bonds Fund

Finance Director Richard C. Williams noted the possible addition of three bond issues in the coming year. It is anticipated the City will go out for refunding bonds for the bonds originally issued for the 2001 Water Treatment Plant Conversion Project. It is also anticipated the City will go out for the 2nd issue on the Street Bonds. Lastly he noted a project that is in the discussion phase at the current time that may involve the issue of additional bonds. He indicated talks were sensitive and details would be made public if the moves forward.

4. Enterprise Funds

- A. Transportation Fund (SATA)

City Manager Crawford noted any major changes in this fund will be up to voters in August when they will consider a millage increase request.

- B. Sewer Fund

- C. Water Fund
- D. Wastewater Fund

Utilities Director Gary M. Burk detailed how the above three funds are connected and how there are a number of costs among the three that the City has little control over, including the cost of electricity and chemicals, retirement costs, and how the weather affects operations. He indicated staffing at both the water and wastewater plants had been reduced by attrition, with the water plant at the minimum staffing level. He indicated despite their best efforts to reduce costs water and sewer rates would need to be increased to accommodate the increased costs of operation. His proposal included a \$.10 raise in both the water and sewer usage charges as well as the introduction of an added \$10/quarter demand charge that will be dedicated solely to the replacement of system infrastructure. He said that numerous projects had been deferred in recent years and there was a need to redouble efforts to update the system.

Due to the time the Mayor asked that Citizen Comments & Questions period be addressed immediately to allow citizens to comment before the meeting was to adjourn.

CITIZEN COMMENTS & QUESTIONS

There were no citizen comments.

The Council returned to the discussion of the enterprise funds.

There was discussion regarding whether or not the additional funding for the SEDP had been included in the proposal. It was noted it was not. Mayor Frederick indicated Council had moved for a three year commitment and felt it should have been included without a special request. There was further discussion regarding radio read meters, the waste water treatment plant approaching the end of its useful life, and the cost of water in other communities. The Council requested a summary of costs and expenditures for items B-D similar to the summary they received last year to better understand the complexities of the operation.

- E. Fleet Maintenance Fund

5. Component Units

- A. Brownfield Authority Fund(s)
- B. Downtown Development Authority

City Manager Crawford noted Council has little control over these funds as they are mostly tax captures.

Councilperson Cook inquired why the revenues for the DDA had fallen. It was noted Headlee had an effect in rolling back the capture as well as the fact the DDA was no longer collecting a capture from the Schools as they had fulfilled their obligation.

Mayor Frederick reminded staff he would like a water/sewer summary similar to that was given last year. He also requested staff prepare an employee summary showing where labor costs are proposed to be charged in the coming year. Lastly he asked Council members to relay when they would be available to meet for a presentation and discussion on pavement management.

Councilperson Cook requested a summary of how the various funds affecting streets work together. He also requested a copy of the City's dashboard report be included in the budget document.

NEXT MEETING

May 21, 2012, 7:30 p.m. – Regular Meeting

BOARDS AND COMMISSIONS OPENINGS

Zoning Board of Appeals – Alternate, term expiring June 30, 2013

ADJOURNMENT

The meeting was adjourned at 8:30 p.m.

Benjamin R. Frederick, Mayor

Amy K. Kirkland, City Clerk