

**A BUDGET WORK SESSION OF THE THIRTY-NINTH COUNCIL OF THE CITY OF BERKLEY,
MICHIGAN WAS CALLED TO ORDER AT 6:00 PM ON MONDAY, MAY 8, 2022
BY MAYOR PRO TEM ROSS GAVIN**

PRESENT: **Councilmember** Steve Baker
 Councilmember Mike Dooley
 Mayor Pro Tem Ross Gavin
 Councilmember Dennis Hennen
 Councilmember Greg Patterson
 Councilmember Jessica Vilani
 Mayor Bridget Dean attended virtually from Berkley, Oakland County

**ALSO
PRESENT:** Matthew C. Baumgarten, City Manager
 Laurie Fielder, Interim Finance Director
 Victoria Mitchell, City Clerk
 Stan Lisica, Chief Innovation Officer
 Matthew Koehn, Public Safety Director
 Corey Miller, Public Safety Lieutenant
 Matt Church, Library Director
 Michael McGuinness, DDA Executive Director

APPROVAL OF AGENDA

Councilmember Patterson moved to approve the Agenda with a change to add a second Public Comment opportunity before adjournment

Seconded by Councilmember Baker

Ayes: Dooley, Hennen, Patterson, Vilani, Baker, and Gavin

Nays: None

Virtual: Dean

Motion Approved.

Mayor Pro Tem Gavin opened the Budget Work Session and stated Mayor Dean is attending virtually. He went over the order for the evening.

Mayor Pro Tem Gavin stated residents gave Council a directive when they voted “no” to the Headlee override vote. He explained they would be going through the budget and would now be looking at cuts. He said he understands that not every person will agree on what cuts need to be made.

Mayor Pro Tem Gavin said Council shared ideas on how to cut costs and the city manager worked with the directors to identify cuts. He said relying on state and federal funding is not a sound management plan.

Mayor Pro Tem Gavin said no one is excited about the cuts, none of which were happily suggested. He said Council members are all residents of Berkley. He said they are not looking to be punitive or retaliatory. He said each council member has a vested interest in the community. He said the budget hearings will take place from a place of respect and kindness.

PUBLIC COMMENT:

Greg DuRoss, Berkley, said he came with the perspective of asking questions. He said he didn't get a lot of answers before the election as to how the millage money would be spent. He said he doesn't write blank checks. He said the answer he got days before the election helped him understand which he should have known beforehand. He said he sees much of this money is going to fill the gap with federal funding; he said he didn't know that until he was walking to the polls. He said he was undecided and seeing the budget changed that. He said it was a lack of information for a lot of people that resulted in a failed millage ask. He went over comments that were on social media that day regarding cuts to chipper service, leaves, etc. He read a comment regarding what the fee for public service means. He discussed the bad optics. He said he

read before the vote that it was hard to get details, but following the vote it seemed quick to get details on the cuts. He said his opinion is the millage proposal failed because there wasn't enough information. He hopes that doesn't happen again. He urges everyone to move forward together. He provided an example of where it wasn't clear with capital expenses.

PRESENTATION: Matter of receiving a presentation summarizing the proposed FY 2023/24 budget.

City Manager Matt Baumgarten said as Council is aware, there was a flurry of activity in the past few days to change tactics and make changes to the budget. He said changes in how ARPA funds would be utilized are proposed. He said they worked over the course of last week on a new plan to split up the ARPA funds. He said he quickly worked with directors and the interim finance director. He presented context on the thought process and updates that Council received over the course of the weekend including:

Budget assumptions:

- Inflation rate of 7.9 percent in 2023
- A taxable value increase of 8.34 percent
- Millage reduction fraction – no required decrease in Headlee affected millages
- Community promotions millage required to roll back from .0706 to .0652
- Total city millage levy reduced slightly to 15.7698
- City proposes using \$1.6 million in ARPA over three fiscal years while reducing expenditures to match revenues.

City Manager Baumgarten reviewed the FY2023-24 millage rates and taxable values. He also reviewed 2023-24 taxable vs. assessed values. He discussed the value and the increases. He discussed the increase in assessed values.

City Manager Baumgarten reviewed General Fund Revenue which includes property taxes, state and federal revenues, charges for services, licenses and permits, property and equipment rental, miscellaneous investment earnings, and fines and forfeits. He said property taxes are the largest source followed by state and federal revenues. He reviewed miscellaneous revenue. He said we are seeing a slight uptick in investment earnings. He reviewed a graph showing state-shared revenue history. He explained the two portions of state-shared revenue.

Revenue highlights (finite) included:

- MDEC – Zoning rewrite grant (\$40k)
 - HVAC Improvements State and Federal grants (\$1.7 million)
 - American Rescue Plan Act (\$1.6 million across three fiscal years)
 - Marihuana Licenses (est \$200k in 23-24 and \$150k in 24-25)
- *Only the marihuana license revenue is expected to continue into the future (albeit a reduction). All other items are one-time opportunities.

Councilmember Baker pointed out that if all five marihuana licensees don't open, then that number would be reduced. He pointed out that right now we have one-fifth of that because only one is open. Councilmember Hennen mentioned some could close with the crowded market.

City Manager Baumgarten reviewed general fund new revenues:

- Add state/federal grant dollars for HVAC project
- State Liquor Licenses
- State Marihuana Licenses
- Realize ARPA Funds from deferred revenues
- Reestablish bagged yard waste collection fee

- Establish fee for EV charges at .23 per kWh projection
- Reduce golf outing revenue to zero
- Cost recovery fee for city labor/materials to support third-party events
- Charge for use of athletic fields
- Update fee schedule for the usage of Community Center

City Manager Baumgarten reviewed a graphic showing the relationship between revenues and expenditures. He said all decisions are for the benefit of the community. He said they are happy to deliver a balanced budget to Council.

City Manager Baumgarten reviewed the memo sent to Council earlier depicting about \$1.251 million in cuts and non-highlighted cuts of \$545,600, totaling about \$1,797,100 in the upcoming fiscal year. He said he and the administration is trying to keep as many things in the budget to make Berkley as special as it is. He said he worked very hard on that. He said deferring capital always catches up with you and often costs more in the long run. He said we can't cut or defer our way out of this with the capital fund and there has to be cuts in services and expenditures.

City Manager Baumgarten reviewed the general fund expenditure reductions by the department. City Hall led the way followed by Public Works, Public Safety, Recreation, Library, and Community Promotions (this has a dedicated millage). He reviewed the proposed cuts for each department including:

City Hall – defer Cummings lot, reduce City Hall projects, cut annual contributions, email all building inspector reports, reduce Berkley Buzz to three issues, and precinct consolidation.

Library – discontinue WIFI hotspots, defer reupholstery of chairs, discontinue scanning station, defer security camera system, close library on Saturdays between Memorial Day and Labor Day weekends, close library one evening a week year-round, hiring freeze on replacing third full-time position.

Public Works – defer to ¾ ton pick up to fiscal year 24-25, defer or move cold planer, reduce DPW overtime for precinct set up due to precinct consolidation in August special election, reduce curbside yard waste leaf collection season by half, DPW overtime reduction due to leaf collection, brush collection, and reduced events, end brush collection (chipper service), and restrict to city chipping disposal only.

Public Safety – reduce tuition reimbursement to \$10k, defer basement renovations to fy24/25, defer two of four police vehicles, public safety overtime reduction due to reduced events, cancel Lids 4 Kids, cancel fire open house, and cancel the golf outing.

Recreation – reduce engineering to \$20k from \$40k, defer parking lot, Jaycee park pavilion, Lazenby field materials (all other capital items shift back one year)

Mayor Pro Tem Gavin thanked City Manager Baumgarten and said that is a lot for Council to think about.

Councilmember Vilani said they have an incredible staff and as we go through the budget document, it is very important that we are not cutting the salaries and wages of any of our staff. She said she knows a lot of employees count on overtime hours to keep their households going.

Councilmember Patterson thanked City Manager Baumgarten and staff for getting this to them as quickly as possible. He asked to point out grants that are incoming as we go through the budget document.

BUDGET WORK SESSION: Matter of a discussion of the proposed fiscal year 2023/24 City of Berkley Budget:

- A. Communications
- B. Community Promotion
- C. IT

D. Library

A recess was taken at 7:58 p.m. The work session reconvened at 8:08 p.m.

- E. Public Safety
- F. City Council
- G. City Manager
- H. City Attorney
- I. City Hall
- J. Downtown Development Authority (DDA)

In total, the following corrections were made to the budget:

- 101-201-818-000 Oakland County Assessors was \$16,000 - changed to \$116,000 (typo error)
- 101-265-818-000 Contractual Services, \$15,000 - changed to \$0
- 101-265-974-000 Land Improvements (EV stations) \$100,000 removed in **2024/25**
- 101-265-976-002 Heat/Cooling \$2,000 removed from 2024/25 (furniture in wrong account)
- 101-441-709-000 Overtime was \$35,000 - reduced to \$25,000
- 101-441-914-001 Liability Insurance-Storage Tank - Now Policy thru State \$6,300 changed to \$0 2023/24. \$7,000 changed to \$0 **2024-25**
- 101-441-985-000 Radio Equipment \$3,000 - reduced to \$1,500
- 101-441-985-000 Vehicles \$240,000 reduced to \$175,000 (PU truck removed)
- 101-738-707-000 Full Time Library \$198,103 reduced to \$144,850
- 226-001-629-002 Commercial Trash Revenue - increased from \$38,072 to \$187,029
- 614-105-707-000 Part time employees - \$32,020 reduced to \$26,900
- 614-950-750-000 Playground supply was \$65,000 - reduced to \$6,500 (typo error)
- 614-950-821-000 Engineering was \$40,000 - reduced to \$20,000
- 614-950-974-000 Land Improvements was \$440,000 - reduced to \$350,000 (removed parking lot repair at Community Center, Lazenby Surface Material and Jaycee Pavilion repair.
- 592-001-642-000 Water Sales - was 6% increase \$4,649,523 increased to 10%, \$4,824,977
- 592-001-642-002 Fixed Water charge - was 6% increase \$786,905 increased to 10% \$819,764
- 592-001-642-003 Storm utility charge- was 6% increase, \$2,783,879 - increased to 10% -\$2,888,931
- 592-001-673-000 Sale of fixed assets from \$200,000 decreased to \$75,000 for **2024/25**
- 592-536-985-000 Vehicles reduced from \$625,000 to \$580,000 (removed asphalt roller)
- 592-537-744-000 Uniforms increased from \$1,500 to \$2,000 (error)

Mayor Pro Tem Gavin thanked staff, the public, and Council for their contributions. He reiterated they all have Berkley residents' best interests in mind. He discussed the difficult decisions ahead.

Mayor Dean said to all the directors that it's easy to do this when the wind is at your back and thanked them for sharpening their pencils.

Mayor Dean said she has a special spot in her heart for youth and the library provides a gathering space for those of all ages, but especially the youth.

Mayor Dean thanked Mr. DuRoss for coming and taking the time to find out the truth and listening and bringing concerns.

Mayor Dean thanked Mayor Pro Tem Gavin for chairing the meeting. She said she appreciates this and all of the Council for taking it seriously and going through it all and she appreciates the effort.

PUBLIC COMMENT:

None

ADJOURN

Councilmember Patterson moved to adjourn the work session at 9:28 p.m.
Seconded by Councilmember Vilani
Ayes: Hennen, Patterson, Vilani, Baker, Dooley, and Gavin
Nays: None
Virtual: Dean
Motion Approved.

Attest:

Bridget Dean, Mayor

Victoria Mitchell, City Clerk