

**BUDGET WORK SESSION
TUESDAY, MAY 13, 2014
6:00 p.m.**

**THE VILLAGE OF DEXTER
VILLAGE COUNCIL**

Copeland Board Room- 7720 Ann Arbor Street

2014-2015 & 2015-2016 BUDGET WORK SESSION

1. General Fund
2. Major, Local, Municipal Streets
3. Water & Sewer

This is a Special Council work session meeting; action will NOT be taken.

"This meeting is open to all members of the public under Michigan Open Meetings Act"

VILLAGE OF DEXTER

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MEMO

To: President Keough and Council Members
From: Courtney Nicholls, Assistant Village Manager
Date: May 9, 2014
Re: 2014-2015 Draft Budget Update

Provided for Council's review are the updated draft budgets for all funds.

A new Solid Waste Fund (226) has been added, with the revenues and expenses that were formally in the general fund.

The Municipal Streets Fund shows the increased amount that will be received from taxes due to the proposed 0.5 mill increase. The value of the road work included in the Road Improvement and Maintenance Plan has been budgeted in local streets – this will be spread out between major and local once the final decisions are made on which streets will be improved.

A new fund (351) was created to track the transactions related to bonds supported by general tax revenue (non-voted). This fund now includes the current facility bond and the proposed street bond. Funds are shown being transferred to this fund from municipal streets to pay the street bonds and from general fund to pay the facility bond.

Fund 303 is now called general debt service for voted bonds and still holds the GO Bond related transactions.

Across all funds the salary and health care line items were updated to reflect the new union contract language. The salary lines for the union employees include a 3% increase starting July 1, 2014 and a 2.5% increase starting July 1, 2015. The health care line items for all employees now reflect whether they are paying the \$82 per pay premium share or receiving the \$1000 H.S.A. bonus.

General Fund now includes funds to replace three computers. These computers are running the Microsoft XP operating system which is no longer supported by Microsoft. The rental rate increase for the Senior Center has also been included.

The sewer fund has been updated to show a portion of the expenditure for the sludge project in 13-14 and a portion in 14-15 since the retainage will likely not be released until next fiscal year.

Municipal Streets Fund Account Activity
Assumptions - Flat Millage Rate and Taxable Value; 3% Operating Cost Increase in Estimated Years

	Fund Balance at the end of 2012-2013	\$377,627	Audit
2013-2014			
Revenue	Expected Millage 2013-2014	\$548,834	Projected Activity
Revenue	Major/Local Streets Act 51/Interest	\$287,675	Projected Activity
Revenue	Additional ARRA Funds for 2010 Ann Arbor St Project	\$10,000	Projected Activity
Expense	Ann Arbor Street	(\$50,000)	Projected Activity
Expense	Central Street	(\$53,565)	Projected Activity
Expense	Forest Stormwater & Hudson, Second - Road/Sidewalk Project	(\$217,688)	Projected Activity
Expense	Safe Routes to School Grant Match	(\$30,000)	Projected Activity
Expense	Local Streets Operating	(\$205,941)	Projected Activity
Expense	Major Streets Operating	(\$235,122)	Projected Activity
Expense	Municipal Streets Admin	(\$45,416)	Projected Activity
	Expected Fund Balance at the end of 2013-2014	\$386,404	Projected Activity
2014-2015			
Revenue	Expected Millage	\$691,800	Budget
Revenue	Major/Local Streets Act 51/Interest	\$267,200	Budget
Revenue	Grant for Safe Routes to School	\$30,000	Budget
Revenue	Bond Proceeds	\$800,000	Budget
Expense	Central Street	(\$272,000)	Budget
Expense	Ann Arbor Street	(\$200,600)	Budget
Expense	Safe Routes to School	(\$30,000)	Budget
Expense	Huron Street Outfall	(\$30,000)	Budget
Expense	Bond Payment	(\$105,500)	Budget
Expense	Local Streets Operating	(\$206,200)	Budget
Expense	Major Streets Operating	(\$218,300)	Budget
Expense	Municipal Streets Admin	(\$69,900)	Budget
Expense	Road Improvement & Maintenance Plan	(\$450,000)	Budget
	Expected Fund Balance at the end of 2014-2015	\$592,904	Budget
2015-2016			
Revenue	Expected Millage	\$691,800	Budget
Revenue	Major/Local Streets Act 51/Interest	\$267,200	Budget
Expense	Local Streets Operating	(\$204,300)	Budget
Expense	Major Streets Operating	(\$217,900)	Budget
Expense	Municipal Streets Admin	(\$70,000)	Budget
Expense	Major/Local Contingency	(\$20,000)	Budget
Expense	Bond Payment	(\$105,500)	Budget
Expense	Road Improvement & Maintenance Plan	(\$365,000)	Budget
	Expected Fund Balance at the end of 2015-2016	\$569,204	Budget
2016-2017			
Revenue	Expected Millage	\$691,800	Estimate
Revenue	Major/Local Streets Act 51/Interest	\$287,675	Estimate
Expense	Local Streets Operating	(\$210,429)	Estimate
Expense	Major Streets Operating	(\$224,437)	Estimate
Expense	Municipal Streets Admin	(\$72,100)	Estimate
Expense	Bond Payment	(\$105,500)	Budget
Expense	Road Improvement & Maintenance Plan	(\$410,900)	Estimate
	Expected Fund Balance at the end of 2016-2017	\$525,313	Estimate
2017-2018			
Revenue	Expected Millage	\$691,800	Estimate
Revenue	Major/Local Streets Act 51/Interest	\$287,675	Estimate
Expense	Local Streets Operating	(\$216,742)	Estimate
Expense	Major Streets Operating	(\$231,170)	Estimate
Expense	Municipal Streets Admin	(\$74,263)	Estimate
Expense	Bond Payment	(\$105,500)	Budget
Expense	Road Improvement & Maintenance Plan	(\$200,000)	Estimate
	Expected Fund Balance at the end of 2017-2018	\$677,113	Estimate

Sewer Fund Reserves

Assuming Flat Future Consumption and 6% Rate Increases; Yearly Operating Cost Increase of 3%

	Balance at the End of FY 12-13	\$991,811	Actual		
2013-2014					
Revenue	Rates	\$1,070,550	Projected		
Revenue	Northern United Surcharge	\$46,211	Projected		
Revenue	Tap Fees	\$218,309	Projected		
Revenue	Misc.	\$12,570	Projected		
Expense	Operating	(\$767,060)	Projected		
Expense	Capital Purchases/Equipment	(\$64,000)	Projected		
Expense	Additional Sludge Project Expense	(\$170,000)	Projected		
Expense	Bond Payments	(\$315,152)	Projected		
	Balance at the End of FY 13-14	\$1,023,239	Estimate	133%	of operating
2014-2015					
Revenue	Rates	\$1,134,285	Draft Budget (6% Increase)		
Revenue	Tap Fees	\$175,000	Draft Budget		
Revenue	Northern United Surcharge	\$36,000	Draft Budget		
Revenue	Misc.	\$9,500	Draft Budget		
Expense	Operating	(\$760,000)	Draft Budget		
Expense	Contingency	(\$15,000)	Draft Budget		
Expense	Additional Sludge Project Expense	(\$170,000)	Draft Budget		
Expense	Capital Purchases	(\$108,000)	Draft Budget		
Expense	Bond Payments	(\$462,700)	Draft Budget		
	Balance at the End of FY 14-15	\$862,324	Draft Budget	113%	of operating
2015-2016					
Revenue	Rates	\$1,202,162	Draft Budget (6% Increase)		
Revenue	Tap Fees	\$150,000	Draft Budget		
Revenue	Northern United Surcharge	\$36,000	Draft Budget		
Revenue	Misc.	\$9,500	Draft Budget		
Expense	Operating	(\$725,700)	Draft Budget		
Expense	Contingency	(\$15,000)	Draft Budget		
Expense	Capital Purchases	(\$26,000)	Draft Budget		
Expense	Bond Payments	(\$465,900)	Draft Budget		
	Balance at the End of FY 15-16	\$1,027,386	Draft Budget	142%	of operating
2016-2017					
Revenue	Rates	\$1,238,227	Estimate (Reduced to 3%)		
Revenue	Tap Fees	\$25,000	Estimate		
Revenue	Misc.	\$11,000	Estimate		
Expense	Operating	(\$747,471)	Estimate		
Expense	Capital Purchases	(\$45,000)	Estimate		
Expense	Bond Payments	(\$468,587)	Estimate		
	Balance at the End of FY 16-17	\$1,040,555	Estimate	139%	of operating
2017-2018					
Revenue	Rates	\$1,275,374	Estimate (Reduced to 3%)		
Revenue	Tap Fees	\$25,000	Estimate		
Revenue	Misc.	\$11,000	Estimate		
Expense	Operating	(\$769,895)	Estimate		
Expense	Capital Purchases	(\$45,000)	Estimate		
Expense	Bond Payments	(\$476,200)	Estimate		
	Balance at the End of FY 17-18	\$1,060,833	Estimate	138%	of operating

Water Fund Reserves

Assuming Flat Future Consumption and 3% Rate Increases; Operating Cost Increases of 3%

	Balance at the End of FY 12-13	\$800,317	Actual		
2013-2014					
Revenue	Rates/Delinquent on Taxes/Penalties	\$704,183	Projected		
Revenue	Tap Fees	\$131,862	Projected		
Revenue	Misc.	\$10,503	Projected		
Expense	Operating	(\$527,327)	Projected		
Expense	Capital Purchases	(\$25,149)	Projected		
Expense	Ann Arbor Street Water Main Project	(\$78,100)	Projected		
Expense	Bond Payments	(\$249,111)	Projected		
	Balance at the End of FY 13-14	\$767,178	Projected	145%	of operating
2014-2015					
Revenue	Rates/Delinquent on Taxes/Penalties	\$725,000	Budget		
Revenue	Tap Fees	\$105,000	Budget		
Revenue	Misc.	\$6,000	Budget		
Expense	Operating	(\$507,500)	Budget		
Expense	Contingency	(\$15,000)	Budget		
Expense	Ann Arbor Street Water Main Project	(\$278,500)	Projected		
Expense	Capital Purchases	(\$41,000)	Budget		
Expense	Bond Payments	(\$255,800)	Budget		
	Balance at the End of FY 14-15	\$505,378	Budget	100%	of operating
2015-2016					
Revenue	Rates/Delinquent on Taxes/Penalties	\$747,000	Estimate		
Revenue	Tap Fees	\$90,000	Estimate		
Revenue	Misc.	\$6,000	Estimate		
Expense	Operating	(\$510,200)	Estimate		
Expense	Contingency	(\$15,000)	Budget		
Expense	Capital Purchases	\$0	Estimate		
Expense	Bond Payments	(\$257,000)	Estimate		
	Balance at the End of FY 15-16	\$566,178	Estimate	111%	of operating
2016-2017					
Revenue	Rates/Delinquent on Taxes/Penalties	\$769,410	Estimate		
Revenue	Tap Fees	\$15,000	Estimate		
Revenue	Misc.	\$15,044	Estimate		
Expense	Operating	(\$525,506)	Estimate		
Expense	Capital Purchases	(\$30,000)	Estimate		
Expense	Water Tower	(\$150,000)	Estimate		
Expense	Bond Payments	(\$257,078)	Estimate		
	Balance at the End of FY 16-17	\$403,048	Estimate	77%	of operating
2017-2018					
Revenue	Rates/Delinquent on Taxes/Penalties	\$792,492.30	Estimate		
Revenue	Tap Fees	\$15,000	Estimate		
Revenue	Misc.	\$15,044	Estimate		
Expense	Operating	(\$541,271)	Estimate		
Expense	Capital Purchases	(\$30,000)	Estimate		
Expense	Bond Payments	(\$253,861)	Estimate		
	Balance at the End of FY 17-18	\$400,452	Estimate	74%	of operating

Salary Breakdown

	Salary in 15-16	Amounts Budgeted in Each Fund					
		General	Major	Local	Municipal	Sewer	Water
Erin Aiken	\$50,900.00	\$50,900.00					\$50,900.00
Michelle Aniol	\$50,500.00	\$50,500.00					\$50,500.00
Donna Dettling	\$79,500.00	\$79,500.00					\$79,500.00
Andrea Dorney	\$61,500.00				\$46,100.00	\$15,400.00	\$61,500.00
Tim Stewart	\$42,500.00		\$10,700.00	\$10,700.00		\$21,100.00	\$42,500.00
New Hire	\$35,900.00				\$26,900.00	\$9,000.00	\$35,900.00
Courtney Nicholls	\$60,000.00	\$60,000.00					\$60,000.00
Dan Schiaff	\$85,000.00	\$8,500.00	\$12,800.00	\$12,800.00		\$29,700.00	\$85,000.00
Doug Schiaff	\$46,100.00				\$34,600.00	\$11,500.00	\$46,100.00
Marie Sherry	\$68,400.00	\$68,400.00					\$68,400.00
Brenda Tuscano	\$37,700.00	\$37,700.00					\$37,700.00
Scott Maurer	\$58,000.00	\$6,900.00	\$12,200.00	\$12,200.00		\$10,500.00	\$58,000.00
Eric Hartman	\$42,900.00				\$21,400.00	\$21,500.00	\$42,900.00
Total DPW - Kurt (\$77,700), Harold (\$42,200), Todd (\$48,400), Bruce (\$51,500)	\$219,800.00	\$133,800.00	\$43,000.00	\$43,000.00			\$219,800.00
Total Salary	\$938,700.00	\$496,200.00	\$78,700.00	\$78,700.00	\$0.00	\$169,200.00	\$938,700.00
Summer Help		\$9,000.00	\$1,200.00	\$1,800.00		\$4,000.00	\$20,000.00
Landscapers Downtown		\$9,100.00					\$9,100.00
Landscapers Mill Creek Park		\$8,700.00					\$8,700.00
						Budgeted Salary	\$976,500.00
Amounts Taking Into Account Enterprise Fund Fees							
	Salary in 15-16	General	Major	Local	Municipal	Sewer	Water
Erin Aiken	\$50,900.00	\$10,180.00			\$2,545.00	\$19,087.50	\$19,087.50
Michelle Aniol	\$50,500.00	\$50,500.00					\$50,500.00
Donna Dettling	\$79,500.00	\$58,830.00			\$4,770.00	\$7,950.00	\$79,500.00
Andrea Dorney	\$61,500.00					\$46,125.00	\$15,375.00
Tim Stewart	\$42,500.00		\$10,700.00	\$10,700.00		\$21,100.00	\$61,500.00
New Hire	\$35,900.00					\$26,925.00	\$8,975.00
Courtney Nicholls	\$60,000.00	\$44,400.00			\$3,600.00	\$6,000.00	\$60,000.00
Dan Schiaff	\$85,000.00	\$8,500.00	\$12,800.00	\$12,800.00		\$29,700.00	\$85,000.00
Doug Schiaff	\$46,100.00					\$34,575.00	\$11,525.00
Marie Sherry	\$68,400.00	\$30,096.00			\$10,944.00	\$13,680.00	\$68,400.00
Brenda Tuscano	\$37,700.00	\$30,160.00				\$3,770.00	\$37,700.00
Scott Maurer	\$58,000.00	\$6,900.00	\$12,200.00	\$12,200.00		\$10,500.00	\$58,000.00
Eric Hartman	\$42,900.00					\$21,450.00	\$42,900.00
Total DPW - Kurt (\$77,700), Harold (\$42,200), Todd (\$48,400), Bruce (\$51,500)	\$219,800.00	\$133,800.00	\$43,000.00	\$43,000.00			\$219,800.00
Total Salary	\$938,700.00	\$373,366.00	\$78,700.00	\$78,700.00	\$21,859.00	\$219,762.50	\$938,700.00
Summer Help		\$9,000.00	\$1,200.00	\$1,800.00		\$4,000.00	\$20,000.00
Landscapers Downtown		\$9,100.00					\$9,100.00
Landscaper Mill Creek Park		\$8,700.00					\$8,700.00
						Budgeted Salary	\$976,500.00

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MEMO

To: President Keough and Council
From: Donna Dettling, Village Manager
Date: May 13, 2014
Re: 2nd 2014-15 Budget Meeting
New Salary Recommendations

At the first Budget meeting on April 30, 2014 salary adjustments for 2014 were recommended and discussed for non-bargaining staff, a copy of April 30, 2014 memo is attached. Based on the discussion and feedback from staff and council during this work session, I'm prepared to make supplemental recommendations to advance fairness to non-bargaining employees.

I've included organizational structures to help illustrate the changes. Included on the office staff structure is a range for both the Treasurer/Finance Director and the Community Development Manager, which previously had not been established. Marie pulled together MML salary study data to create a framework for the proposed ranges, using communities in our region as well as population under 10,000. Marie and I evaluated the information and proposed what we felt were fair ranges for both the Treasurer position and the Community Development Manager. Although, the ranges correspond adequately to the proposed salary and years of experience, I believe a formal and impartially developed wage study is long overdue and necessary as a reality check. This will give us confidence to continue to make decisions built on a solid foundation. I'm not interested in wasting money, if we don't need a wage study. But I'm committed to evaluating wage study options, costs to complete a study and establishing an optimal time line to bring a recommendation to Council.

Below are several changes to my original recommendations

- Treasurer/Finance Director- The original recommendation for Marie was a 3% base increase. I'm recommending an additional 1.5% one-time adjustment to bring the annual salary to \$69,400, and achieve placement in the range \$100 shy of the mid-point. The org chart I mentioned above helps to illustrate how this fits with the proposed range for this position and represents an increase of \$2,988.
- Assistant Public Services Superintendent. As stated in the April 30, 2014 work session memo, Dan Schlaff and I are committed to achieving strong support for the promotion of Scott Maurer to Assistant Public Services Superintendent. It was clear from the feedback we received that everyone was onboard with the promotion, but the annual salary proposed created some concern. As discussed during the Budget Work Session, there was general dissatisfaction with the promotion process because it felt like a negotiation and not a promotion. In hindsight, I would have presented the recommendation without a proposed annual salary, which would have allowed the discussion at the work session to guide a Council supported, non-negotiable offer that would have been made to Scott.

In discussing this opportunity with Scott, he is excited about taking on this role and he is confident he will bring enhanced value to the Village. Scott has accepted the position at \$60,000, contingent upon Council approval. There was general consensus at the Budget Work Session that Council would support the promotion at \$60,000, however there was a desire to bring this back for discussion to provide an opportunity for Donna Fisher and Julie Knight to share their thoughts.

- Assistant Village Manager- The original recommendation for Courtney was 5.9%. I'm recommending an additional 1.1% one-time adjustment to bring the annual salary to \$60,650, and achieve placement in the range \$1,850 shy of the mid-point. The org chart I mentioned above helps to illustrate how this fits with the proposed range for this position and represents an increase of \$3,987.

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MEMO

To: President Keough and Council
From: Donna Dettling, Village Manager
Date: April 30, 2014
Re: Non-Union Salary Recommendations
2014-15 Budget

As indicated in the overview of the Manager Proposed Budget memo, salary line items were adjusted according to the most recent negotiation discussion. Non-union proposed salary increases are included in the 2014-15 budget; however I decided not to include a recommendation for non-union salary adjustments for 2015-16. Provided below is justification for the Manager Proposed non-union salary increases as well as the rationale for Scott's promotion to Assistant Public Services Superintendent.

- Assistant Public Services Superintendent- After the March 29, 2014 Work Session, Dan Schlaff and I regrouped to evaluate our options to achieve strong support for the promotion of Scott Maurer to Assistant Public Services Superintendent at an annual salary of \$63,000. It was clear from the feedback we received that everyone was onboard with the promotion, but the annual salary proposed created some concern. Dan and I made Scott a tentative offer of \$58,000 obviously contingent upon Council approval and \$58,000 appears in the Manager Proposed Budget. In discussing this opportunity with Scott, he is genuinely excited and very interested in taking on this role. With Council support, I'd like to increase the offer to \$60,000 and get this finalized as soon as possible. I have a verbal commitment from Scott that he is prepared to accept the offer at \$60,000.
- Community Develop Manager- When Michelle and I worked out the terms of her employment in January; I mentioned to her that we review salary adjustments each fiscal year. At that time, I shared with Michelle that I wasn't sure she'd be included in an adjustment for 2014 since she'd only be here 5-months. However, I feel it's fair to include her for 2014 salary adjustment and recommend a 1% increase.
- Public Services Superintendent- The recommendation for Dan is a 4% lump-sum (\$3,400), which shows up in the proposed budget. The current salary range for the Public Services Superintendent is \$70,000 to \$85,000. Since Dan was promoted to the top of the range we've provided increases each year in the form of a one-time lump-sum payment. There may come a time when it might be appropriate to increase the top of this range and provide a base salary adjustment. To help guide future wage range decisions, I'll bring forward a proposal to conduct a formal wage study to evaluate all the positions in the village.
- Assistant Village Manager- The recommendation for Courtney is a 5.9% increase to get her annual salary to \$60,000. This amount shows up in the Manager Proposed Budget.
- Treasurer/Finance Director- The recommendation for Marie is a 3% increase, which shows up in the Manager Proposed Budget.
- Village Manager- Although I've not met with Shawn for my annual review yet; Shawn and I discussed an increase. Shawn recommended a 3% increase, which shows up in the Manager Proposed Budget.

Village Manager-Donna Dettling \$79,700
Range \$70,000 - \$85,000
Assistant Manager-Courtney Nicholls \$60,650
Range \$55,000-\$70,000

Treasurer/Finance Director
Marie Sherry \$69,400
Range \$62,000-\$77,000
Non-Union

Community Development Manager
Michelle Aniol \$50,500
Range \$50,000 - \$65,000
Non-Union

Erin Aiken
Utility Billing Clerk
New \$27,300 to \$36,700
Old 8-15 \$28,200 to \$48,200
Union

Brenda Tuscano
Administrative Assistant
New \$25,200 to \$33,900
Old 8-14 \$28,200 to \$45,300
Union

HOW DO WE GET FROM TODAY TO FUTURE STRUCTURE

Superintendent Dan Schliaff
 \$70,000 to \$85,000
 Assistant Superintendent - Scott Maurer
 \$55,000 to \$70,000
 Non-Union

Kurt Augustine - Foreman
 New \$39,900 to \$53,600
 Old 15-20 \$42,700 to \$72,800

Utility Operator New \$37,814 to \$50,856 Old 12-17 \$35,401 to \$53,705	Eric Hartman Utility Operator New \$29,400 to 39,600 Old 4-15 \$22,200 to \$48,200	Tim Stewart Utility Operator New \$29,400 to 39,600 Old 4-15 \$22,200 to \$48,200	Doug Schliaff Utility Operator New \$29,400 to \$39,600 Old 4-15 \$22,200 to \$48,200	Andrea Dorney Chief Lab Tech New \$31,500 to \$42,400 Old 10-15 \$31,800 to \$48,200	Bruce Whitley DPW Worker New \$29,400 to \$39,600 Old 4-14 \$22,200 to \$45,300	Todd Viebahn DPW Worker New \$29,400 to \$39,600 Old 4-14 \$22,200 to \$45,300	Harold Gross DPW Worker New \$29,400 to \$39,600 Old 4-14 \$22,200 to \$45,300
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