

Present: **Council:** President Taylor, President Pro-Tem Walsh; Members: Burry, Koss, Pfeifer, Rijnovean, Woodrow
Finance Committee: Vice-Chair Fassett; Members: Merritt, Mooney, Nowland and Piotrowicz

Absent: Finance Committee – Belaustegui and Roberts

Also Present: Village Manager Spallasso
Finance Director Wiszowaty
Assistant to the Manager, Pasioka
Public Safety Director Woodard
Building Official, Byrwa

The meeting was called to order at 6:30 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road. Fassett noted that members Belaustegui and Roberts could not attend the meeting due to prior commitments and travel plans.

APPROVE MINUTES OF FINANCE COMMITTEE MEETING HELD ON DECEMBER 28, 2005

Motion by Mooney, second by Merritt, to table approval of the December 28, 2005 Finance Committee meeting minutes until the next regularly scheduled meeting.

Koss stated that Chairperson Belaustegui had asked for input at the December 28 meeting from members of the Strategic Planning Committee and former Village Finance Committee. None of those individuals were available that evening, but a person who was not a member of either of those bodies chose to speak. Koss contacted a member of the previous Finance Committee, who is present this evening to address any questions from Council or the Finance Committee.

Motion passed (5 – 0).

COUNCIL DISCUSSION REGARDING FINANCE COMMITTEE

Council President Taylor provided background on the creation of this Finance Committee. He proposed moving forward in a positive way to reach a decision on an assignment for the Committee.

Pfeifer agreed that the Finance Committee should proceed with its first charge. The Committee has not yet received direction from Council. She thinks that the purpose of this body is to assist Council and Administration by researching and investigating specific topics.

Pfeifer outlined assignments that she thinks the Finance Committee could undertake: 1) Review the Five-Year Financial Plan. Pfeifer commented on the uncertainties in State shared revenue and other revenue sources. Copies of the updated Five-Year Financial Plan dated December 29, 2005 were distributed to Finance Committee members; 2) Research establishment of a community foundation. She suggested that this foundation benefit park

capital projects and maintenance of recent park improvements; 3) Review rising health care costs; 4) Explore potential for shared services with surrounding communities; 5) Seek additional grant money for the Village; 6) Look into whether the Village is receiving its fair share of income from issuance of permits; 7) Review informational finance report prepared by James Calder, resident and former Village Manager. Copies of his report and an additional installment have been provided to Council and Finance Committee members.

Pfeifer did not think it should be the responsibility of the Finance Committee to develop the budget. The Charter states that administration will prepare a budget to be reviewed by the Village Council. Pfeifer suggested that Council schedule public meetings soon after it receives the preliminary budget document for FY 2006/07.

In response to an inquiry from Taylor, Pfeifer stated that her top three assignments would be review of the Five-Year Financial Plan as the Finance Committee's first task, followed by an analysis of health care issues and assistance with researching a community foundation.

Taylor stated that he has asked Village Clerk Marshall to look into what other communities have developed in terms of a community foundation and to request information from the Michigan Municipal League. He is a proponent of considering some type of foundation to fund projects that might not receive future funding through the budget.

Koss remarked that review of the Five-Year Financial Plan would be a good place for the Finance Committee to begin its review because it includes a number of funding issues such as health care, library expense, etc. Council should ask for recommendations on how to keep the fund balance from declining to an unacceptable level. The Village needs to be prepared to face future financial problems.

Woodrow concurred with the Committee's review of the Five-Year Financial Plan. He suggested that they do a comparative analysis of last year's financial plan with this year's five-year plan.

Rijnovean expressed the view that an outside source should be engaged to conduct an efficiency study of each Village department. With regard to an assignment for the Finance Committee, she proposed that it be charged with finding creative sources of revenue for the Village without raising real estate taxes. Another task would be to explore sharing of services, purchasing, and/or personnel with nearby municipalities.

Burry stated that shared services, health care and pension costs are major issues that should be investigated. He suggested that reviewing the Five-Year Financial Plan and conducting an analysis and comparison to determine where to focus our efforts may be a good assignment.

Woodrow granted that health care and pension costs have been increasing over the years and that they bear review. However, the Village labor attorney deals with these matters

through administration and Council. Council and the Finance Committee have minimal control over these numbers.

Pfeifer thought that research in the area of health care and pension costs is needed and that there may be different vehicles that the Village is not aware of.

Walsh commented that her priorities in terms of Finance Committee assignments are expense reduction and increasing revenues. Beverly Hills is primarily a residential community, which limits the means for increased revenue. She thinks that the Village needs to look at the services provided and consider whether it is being fiscally responsible in delivering the basic, essential needs of the people at the lowest cost possible. Both revenue and expenses come into play in the Five-Year Financial Plan.

Taylor asked for comments from the audience.

Ron Berndt of East Rutland thought that the proper approach would be to look at a balanced picture in terms of how revenue can be increased as well as where the budget can be cut. He commented that amenities offered to residents by the Village include public infrastructure, utilities and roads, rubbish collection, and excellent police and fire protection. He suggested that Council be cautious about cutting or merging services. Berndt does not believe that the Village is in a financial crisis, but agreed that there are things that Council should think about and plan for in the future.

Neil Hitz of Riverside Drive, former Finance Committee member, remarked that he was impressed by the brain power represented on the Council and Finance Committee. He thinks that these individuals should be able to arrive at two or three issues on which Council can use assistance. Hitz questioned whether the five-year financial plan under discussion is a financial forecast or a plan. A charge to the Committee could be to develop a plan to improve the financial forecast. Hitz thinks that the Village Council and administration would have use for an ad hoc committee to investigate short-term or long-term issues that appear from time to time.

Bunker Kelly of Corsaut commented on items he felt were important to be researched including health care benefits and consolidation of services. He suggested that the Finance Committee look at the assumptions in the Five-Year Financial Plan.

Jim Calder of Birwood presented Council and the Finance Committee with a second installment of his previous report on Village finances.

JOINT DISCUSSION REGARDING ASSIGNMENTS

Fassett stated that it appears that a review of the five-year financial forecast is a top priority of Council. He asked for clarification as to the type of review that Council expects. Fassett questioned whether Council wants a high level review of how to improve the numbers and/or a discussion of ideas for revenue enhancement and expense cuts.

Woodrow responded that he would like to see a comparison between last year's and this year's financial plan. Beyond that, he thinks Council would like suggestions on raising revenue or cutting expenses.

Koss commented that the results of the survey distributed by Strategic Planning Committee indicated that people want to maintain the level of services. Consideration will have to be given as to how to raise revenue or what to give up to retain services. Council is looking for recommendations on how it can increase revenue and retain the services that people are saying are important without raising taxes.

Fassett is hearing that the Finance Committee is being asked to do a vetting of the assumptions of the Five-Year Financial Plan. It is suggested that the Committee delve into the report to see if it represents reality, and consider where we go from there. Fassett sees yearly tactical assumptions in the financial plan; he asked if there are forward looking assumptions as to where the Village wants to be in five years in terms of its balances. It was noted that the Village has a policy of maintaining a fund balance of 20% of expenditures.

Merritt asked if there are any comparative reports from communities of similar size available for review by the Committee. He expressed the view that it is important to explore the area of increasing revenue without increasing taxes.

Mooney thinks that it is important to look at the five-year plan on the basis of a specific premise. His goal would be to maintain the quality of life that has been enjoyed in this community over the past ten to fifteen years. Consideration should be given to things happening outside of Village boundaries including new commercial developments that may affect our lives in terms of requiring increased public safety. Mooney thinks that excluding the possibility of raising taxes would hamstring this Committee and the Council. Beverly Hills has been fiscally responsible for many years, possibly since its inception. The Committee can take a look at items in the budget that might not be the most significant factors in maintaining the quality of our lives. Mooney asserted that we must make certain that the health, safety and welfare of this community is absolutely protected.

Mooney stated that he would like this community to be better 20 years from now. Many things go into the mix, which may include spending money on parks to attract new families. One way to increase revenue is to allow and encourage people to renovate and improve their homes. At some point in time, maybe not in the immediate future, the Village will have to increase its taxes. Mooney commented on the realities that the Village will be facing going forward.

Taylor stated that there may be a time for the Village to take a serious look at tax increases, but he does not think it is now or four or five years from now. He proposed looking into the zoning on the east side of the Village where a large percentage of lots do not conform with the Zoning Ordinance. Improving the housing stock is important in terms of retaining residents and attracting new families.

Woodrow advised against placing restrictions on the Finance Committee’s review of the five year financial plan.

Nowland asked if the Finance Committee could receive budgeted numbers in lieu of actual numbers indicated in the five-year plan. This information will be provided to the Committee.

Motion by Burry, second by Taylor, that Council assign the Finance Committee with the task of reviewing the Five-Year Financial Plan dated December 29, 2005.

Mooney suggested that the Finance Committee provide Council with its work schedule for this assignment following its next regularly scheduled meeting.

Roll Call Vote:
Motion passed (7 – 0).

PUBLIC COMMENTS

Jill Sickles of Kinross sees value in investigating the formation of a foundation that would bring funds into the community for any number of projects. Taylor responded that he is working on this item with administration.

Bunker Kelly referenced a newspaper article about retirement expenses and related his conversation with an Oakland County Commissioner about the County’s retirement obligations. Kelly suggested a money saving idea in terms of talking to neighborhood associations about asking its members to mow the grass on the islands.

Motion by Woodrow, second by Koss, to adjourn the meeting at 7:48 p.m.

Motion passed.

Dave Taylor
Council President

Dennis Fassett, Vice-Chair
Finance Committee

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary