

Present: Chairperson Belaustegui; Members: Merritt, Mooney, Piotrowicz and Roberts

Absent: Fassett and Nowland

Also Present: Village Manager, Spallasso
Council Members, Koss and Pfeifer

Belaustegui called the meeting to order at 7:05 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE FEBRUARY 12, 2006 FINANCE COMMITTEE MEETING MINUTES

Motion by Mooney, second by Piotrowicz, that the minutes of a Finance Committee meeting held on February 14, 2006 be approved as submitted.

Motion passed.

DISCUSS FIVE-YEAR FINANCIAL FORECAST STUDY MATRIX

Belaustegui outlined a proposed work plan for the Finance Committee. He proposed that the group draft a document similar to a five year master plan but containing numbers and what they mean as well as recommendations and alternatives. New council members and people in the general public would be able to look at the document and gain a comprehensive picture of how the Village functions from a financial point of view.

Committee members commented on the proposal and agreed that the Finance Committee should be informing Council of what it believes to be in the best long-term interest of the Village financially, which would involve forecasting and planning. The document would represent a work in progress that changes over time.

Belaustegui expressed the concern that this committee would leave nothing behind if its deliberations were left to ad hoc discussions. This group has the time to explore and uncover various financial aspects of the Village in a deliberative and circumspect way to find out what is going on, what drives the processes, and how the financial outlook can be improved. He suggested writing things down so that they can be understood by people. The committee would leave something behind that includes a comprehensive knowledge that people can read and use to gain an understanding of the financial workings of the community.

Belaustegui distributed a Proposed Work Plan Outline and explained what he has in mind. The approach would be to use the five-year financial plan study matrix to categorize the current five-year plan into logical groupings to achieve an understanding of key revenue and cost elements (the lines across) and identify present financial planning and budget processes. Belaustegui suggested looking at the process more carefully to identify external factors that have a significant impact and determine what those effects might be. The committee should develop a written commentary for each operating entity and revenue/cost element.

The second phase would be to compare the Village's present situation with similar surrounding communities and analyze what is learned. The committee would obtain relevant data from each

community and analyze what is learned from those findings. The committee will be able to identify the key issues looking at the Village's situation and what surrounding communities have been doing. Then it can develop approaches to address the issues and make recommendations to Council.

Belaustegui proposed reviewing the matrix and coming to a consensus on the categories. Individual members can take on a grouping and begin doing research that will uncover pieces of information that are not common knowledge. The next step would be to continue working on the matrix and reducing it to common sense categories that would explain the financial workings of the Village and what can be anticipated into the future.

Ideally, the document being proposed will be updated annually as part of the five-year financial plan. A baseline will be established, which will be a forecast of the status quo so we know where the problems are. The idea is to look at the proposed adjustments and their effects. People need to know what would happen if nothing is done so they can get their hands around what is going on.

Belaustegui commented that the Finance Committee would do most of the work with the help of Village administration. The process will be time consuming and the document may not be done for this budget period.

Spallasso asked the committee to keep in mind that the Village is a local municipality that is occasionally subject to unfunded mandates. The Village is sometimes affected by events that are beyond its control such as other government agencies and weather related events. Belaustegui responded that the realities of being a government entity part of a bigger system will evolve from the written commentary.

There was discussion on the study matrix. Belaustegui has attempted to project the operating entities of the Village: Council & Community, Administration & Facilities, Public Safety, Water and Sewage, Public Works, Trash, Roads, Building & Planning, and Parks. He thought that the Public Works category might be eliminated after distributing its contents in the areas of trash, roads, and parks. There is a need to have a discourse on the topics of trash collection and disposal, roads, and the park.

On the left hand side of the matrix are topics including revenue sources, people costs including salaries, employee benefits and expenses, retiree expenses, facility expenses, material expenses and service expenses. Other topics are assets and liabilities, capital purchases and depreciation & contingency funds.

Belaustegui presented ideas for packaging the five year plan document revenues and expenses into each of the categories indicated on the matrix. He has reviewed his proposal with Finance Director Wiszowaty and will be making a few adjustments based on that conversation. Belaustegui presented his rationale for repositioning certain elements such as including ditches, sidewalk maintenance, island maintenance, and right-of-way trees under the Major and Local Road Fund category on the basis that the issue is the appearance of the Village from the roadway point of view.

Members of the audience had comments and questions on issues, one of which was how the Village handles maintenance of sidewalks. Belaustegui proposed that the topic of ditches, sidewalk repairs, trees, and islands be grouped under the Road Funds categories so that Council can discuss funding and what it should do about these items. The proposed document will incorporate commentaries on how and why things are done in each of the matrix categories and whether they are based on fact or policy. The ensuing debate may result in decisions on how things are done in the Village. Belaustegui used the building and planning department line items as another example.

Finance Committee members concurred with the work plan proposed by Belaustegui and selected specific categories for their individual review. Merritt will look at the Building & Planning area; Mooney will take Public Works and Parks; Piotrowcz will tackle Roads; Roberts will examine trash collection and disposal in the community. Public Safety will be a topic of review later in the process due to ongoing labor negotiations.

Belaustegui asked members to work on a draft commentary on their categories in terms of what service is provided and whether it is prescribed, how it works, the cost benefit, and why the Village does it the way it does. Belaustegui will present a report on Revenues at the next meeting. Mooney volunteered to make a presentation on Parks and Public Works at the second meeting in March.

COMMITTEE COMMENTS

None

LIAISON COMMENTS

Burry was not present.

PUBLIC COMMENTS

Resident Jill Sickles mentioned that there is more than one park in the Village. Belaustegui stated that the Committee will consider the Village park system.

Rosanne Koss, Council member, stated that the Village can establish building department permit fees that will recover its costs without making a profit. She understands that there was a \$200,000 shortfall in terms of expenses exceeding revenue as far as construction permits. It appears that the Village could raise its permit fees. Spallasso noted that the Village does not want to be out of line compared to surrounding communities. Administration is in the process of examining its permit fees.

Hildreth Buterbaugh, former Council member, commented that it has been his experience that unfunded mandates are a major financial issue in the Village. Other problems center around items that cannot be controlled due to union negotiations, health care, pensions as well as the cost of maintaining sewers, roads, and the water system. A large part of the budget goes towards public safety expenses. Council only has influence over a small amount of spending in the budget.

Buterbaugh thought that the Finance Committee's work plan is a good start. He made a few suggestions with respect to the categories and commented on the possibility of separate millages for public safety, library and trash as allowed by State Law.

Koss stated that recent research of Michigan statute relative to contract services indicated that a municipality has to go to the voters to request a dedicated millage for library service.

Motion by Mooney, second by Roberts, to adjourn the meeting at 8:25 p.m.

Motion passed.