

Present: Chairperson Belaustegui; Members: Fassett, Merritt, Mooney, Nowland

Absent: Piotrowicz and Roberts

Also Present: Finance Director - Wiszowaty
Council Members (arrived 7:56 pm) – Burry, Pfeifer, Taylor, Walsh

Belaustegui called the meeting to order at 7:08 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE FEBRUARY 28, 2006 FINANCE COMMITTEE MEETING MINUTES

Motion by Mooney, second by Merritt, that the minutes of a Finance Committee meeting held on February 28, 2006 be approved as submitted.

Motion passed (5 – 0).

REVIEW AND DISCUSS COMMENTARY ON REVENUES

At its last meeting, the Finance Committee talked about the 5-year financial plan study matrix and how to assign work on the various operating entities. Members in attendance selected specific categories to review and prepare a draft commentary. The matrix sheet distributed this evening reflects those preferences. Fassett and Nowland will handle the three remaining categories.

The Committee will take a look at the various elements of the Village financials. There will be commentary on how they actually work, comparisons with other communities, some assessment of the future, and, possibly, suggestions that Council and administration might want to pursue.

Belaustegui commented that he prepared a review of Village revenue in 2000 for former Manager Tamara Hanlin. He distributed copies of the updated report, which he described as the first element of a three-part look at revenue. The first component is to describe the revenue sources and where the money comes from, explain how the formulas work, and consider interesting facts that may surface. The second part is to compare this data to other area communities and see if there is something new to learn. Following that, there will be an evaluation of risks and opportunities for the Village. Belaustegui remarked that his presentation of the draft revenue report will provide a sense of what the financial planning document will entail.

Revenues in the Village are divided into two categories – restricted and unrestricted funds. Revenues that accrue to a restricted fund can only be used for activities designated by that fund's restrictions (by local ordinance, state law and by passage of dedicated millages); unrestricted funds, such as the General Fund, can be used for any appropriately budgeted purpose.

Belaustegui described and reviewed each revenue source noting that each area includes a chart showing revenue figures from 2000-2004. Wiszowaty provided information on formulas for

computing revenue. There was discussion and inquiries generated throughout a comprehensive review of the material. (A copy of the preliminary revenue report is attached to the minutes).

Restricted Revenues - Major Road Fund, Local Road Fund, Water and Sewer Fund, Community Development Block Grants, combined Sewer Overflow Debt Repayment Millage (CSO Debt), Dedicated Millage, and Park Improvement Millage.

Unrestricted Revenues – Property Taxes, State Revenue Sharing, Building & Planning, Public Safety, Other Sources.

At the conclusion of the committee's review of revenue data, Belaustegui remarked that exploring and drafting a commentary on each of the matrix categories will be more work than he thought. The question will be whether the Finance Committee is up for this task.

The consensus of the members present was to continue work on the financial document. It was understood that it is a large undertaking that will take a couple of years to complete. Committee members concurred that preparation of this document is a worthwhile effort and should be done right. The document will be an important communication tool that will provide Council and the public with a picture of how the Village functions from a financial aspect. It was suggested that a comprehensive understanding of the Village's financial situation and a plan for the future is critical given the economic conditions in the Village and the state and considering potential political changes that might come in the immediate future. It was noted that it will be a living document that will change over time.

Belaustegui asked for feedback from Council on preparing the financial document. Burry stated that he supported the creation of a finance committee for the purpose of looking at the long-term finances of the Village, impact on the community, and what can be done about it.

Taylor expressed the view that the Finance Committee is doing excellent work. He offered to help out in terms of making contacts with neighboring communities for comparison purposes.

Walsh stated that she is interested in reducing expenses and increasing revenues. She questioned whether Council can wait two years to receive a report and recommendations from the Finance Committee on ways to save money or raise revenue. Walsh expressed concern as to which communities the Committee will be comparing its financial findings with and whether it will be worth our while.

Belaustegui suggested that an agenda item for the Finance Committee could be to consider a list of communities that the Village can be compared with. A member suggested that former Village liaison to SEMCOG, John Smith, be contacted for his thoughts on this.

Pfeifer commented that Council is looking to the Finance Committee for a plan and some guidance for the future. She thinks the group is doing good work and urged them to follow through.

Belaustegui commented that the state is having some real problems and has less discretionary money to share with the communities. Decisions will have to be made. If we want to do things, the community has to want to do them, and we need to have facts. Beverly Hills must get its hands around its financial future.

Belaustegui anticipates that it will take about two years to complete the financial plan. This does not mean that there will not be elements completed and suggestions made long before that time. Those things will occur as we go through the process.

Mooney did not think that there will be financial difficulties facing the Village over the next two years that the Council could not rectify in the short term without changing anything significant or raising taxes. It is not anticipated that the fund balance will be reduced below 15% in the next two years under the worst case scenario.

Committee Comments

Committee members thanked Belaustegui for the work he put into the Revenue report.

Nowland indicated that he will undertake the Council & Community category and suggested that the Water and Sewage area be handled by another member.

The agenda for the next meeting was discussed. Merritt will report on the Building & Planning area at the April 11, 2006 meeting. Mooney will make a Parks & Recreation presentation at the second meeting in April.

Belaustegui mentioned that Council has the right to refer a budget item to the Finance Committee for its review at any time.

Public Comments

Public comments were taken throughout the meeting.

Motion by Mooney, second by Merritt, to adjourn the meeting at 9:08 p.m.

Motion passed (5 – 0).