

Present: Council: President Stearn; Members: Pfeifer, Members: Berndt, Koss, Peddie and Woodrow  
Finance Committee: Chairperson Belaustegui; Members: Fassett, Hitz, Merritt, Mooney, Piotrowicz and Westerland

Absent: Council – Oen  
Finance - none

Also Present: Finance Director, Wiszowaty

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

### **APPROVAL OF AGENDA**

Motion by Mooney, second by Hitz, to approve the agenda as published.  
Motion passed.

### **PUBLIC COMMENTS**

None

### **INTRODUCE FINANCE COMMITTEE MEMBERS TO COUNCIL**

Members of the Finance Committee introduced themselves.

### **REVIEW AND CONSIDER MINUTES OF A FINANCE COMMITTEE MEETING HELD ON JANUARY 9, 2007**

Motion by Piotrowicz, second by Hitz, that the minutes of a Finance Committee meeting held on January 9, 2007 be approved as submitted.

Motion passed (7 – 0).

### **REVIEW AND DISCUSS PRESENT STATUS OF FINANCE COMMITTEE ASSIGNMENTS AND WORK PLAN**

Belaustegui reviewed several outstanding issues included in a handout listing open assignments from previous meetings. One of the items, “Provide Gas & Weight Tax increase info”, was addressed by Wiszowaty who provided a calculation worksheet indicating the most recent formula for estimating Act 51 Revenue. Belaustegui said that a question was asked during a review of the Road Funds as to where Metro Act Funds are designated in the budget. A letter from Southfield Township addresses the distribution of Metro Act Funds, and an attached sheet outlines criteria for use of those funds. Wiszowaty explained how he budgets Metro Act Funds to take full advantage of money received.

Council and Committee members received a handout that reports the latest revenue sharing amounts for the Village of Beverly Hills. It shows the total FY2007 payment as \$833,738, which is about \$15,000 less than was received last year. A Detroit News article dated March 13, 2007 indicated that the Legislature is trying to jump start the economy in the housing area by considering a moratorium on property tax increases for 18 months and carrying over the taxable

value for anyone who buys property during that period. Lawmakers are also working on adjusting the formula for property tax increases.

This led to a discussion on the effect of Proposition A on the Headlee Amendment, which has capped government revenue from property taxes. An unintended consequence is that people cannot afford to sell and move to a house that is of much lesser value but has higher taxes. The article mentions that there are 70 municipalities in Michigan that are approaching bankruptcy, which will increase because revenues are flattening. The Legislature has to be concerned both with what the people want and how much communities can afford to lose in revenue. Members reflected on the loss of taxable value and its effect in terms of revenue collection and the operation of the Village.

The Finance Committee has been researching the cost of retiree health care facing the Village. The Committee is waiting to receive a current actuarial study of health care costs in order to reflect on the underlying assumptions. Another exercise is to take a look at what surrounding communities are offering in terms of non-union employee benefits. Wiszowaty distributed a salary survey comparing benefits, which was prepared by the Michigan Municipal League. He was asked to include Beverly Hills data in the report.

Belaustegui related that the previous Council directed the Finance Committee to look at the Five Year Plan. The Committee arrived at the following work plan:

WORK PLAN OUTLINE

1. Define and Understand present situation
  - Start with latest 5-year Financial Plan
  - Re-bin into logical operating entities
  - Identify key revenue and cost elements
  - Identify present financial planning and budget processes
  - Identify external factors that have significant impact
  - Develop written commentary for each operating entity and revenue/cost element
2. Compare present situation with similar surrounding communities
  - Determine communities to be compared
  - Obtain relevant data from each community
  - Re-organize data for comparison purposes
  - Identify gaps and establish what can/cannot be done to resolve them
  - Analyze and determine key findings
  - Develop written commentary of comparisons
3. Identify key issues for VBH 5-year Financial Plan
4. Develop alternative approaches to address issues
5. Make recommendations to Council

Belaustegui recapped that the Committee members went through the financials provided by Wiszowaty and arrived at a matrix that divided the content into areas that were understandable in terms of what the Village does and what drives the costs. The categories are: Council & Community, Administration & Facilities, Public Safety, Water & Sewage, Trash, Roads, Building & Planning, and Parks. Members researched and analyzed each of these groups looking

at content and trends over the last five years. This exercise was an attempt to describe the business of the Village in easily understandable terms as opposed to budget line items. It is a logical division of the Village's businesses and where the money comes from.

The Finance Committee has learned about the operation of the Village and trends and has perceived a reasonable approach to managing the Village's finances. It was determined that the Village is not in a crisis situation. The next step would be to conduct a comparison of targeted communities in order to discern what they do versus what Beverly Hills does and to determine whether the results are different. Now is the time to decide whether to continue on that path as a priority.

Following that review, the Finance Committee had proposed to analyze key findings and begin preparing a document describing the Village's business including commentary and summaries for each of the study areas in order to give Council members a sense of what is going on with those components of the plan. Another aspect will be what other communities are doing that are the same or different than the Village is doing. This document will be a means for Council to prepare for the budget and long term planning.

There followed discussion on whether the Finance Committee should undertake a comparison of surrounding communities. There were varying opinions on the benefit versus the time involved with this task. It was suggested that only relevant data be obtained from each community selected.

Mooney commented that the question for Council is whether the Finance Committee is moving in the right direction. The goal is to give Council a master financial plan including comparisons from communities similar to the Village. The plan would outlast this group and serve as a matrix that can be supplemented in future years. He noted that there would be time and money spent on preparing a plan that may require help from outside consultants.

Hitz expressed the view that the Finance Committee could also tackle issues that are referred to the group by Council. The Committee can serve as a third party group of people who can provide objective views and justification for necessary action. He questioned how much we need to know about what other communities are doing in order to arrive at a five year plan and provide alternative methods to reach those goals.

Merritt suggested that there is a need to compare and study permit fees and costs of running a planning or building department.

Peddie remarked that Council has identified the need to address improvements to the Southfield Road corridor. She suggested that the Finance Committee could assist with implementation of that plan at some point.

Belaustegui stated that the Finance Committee is requesting guidance and direction from Council on its work plan and priorities. He noted that Council held a study session to set priorities for the coming year. He commented briefly on the items that were suggested in terms of the Finance Committee.

Five year plan: There is further clarification needed in terms of establishing a long term financial plan. Alternative revenue sources: Everyone on Council would need to be engaged in finding new revenue sources. Grant research: The committee may be able to help with grant research, but there are professional consultants who do this. Fire truck funding: There are things that can be done. Alternative financing: In response to an inquiry, Stearn explained that this refers to looking at leasing versus buying, sharing services, etc.

Pfeifer expressed concern with anticipating and planning for crisis. Belaustegui responded that there may be a need to plan for flat revenues from the federal and state government and from property taxes for probably two out of the next three years. There is a need to look at a “Plan F”. He elaborated on a downside risk base plan. Such a plan would also help to define the long-term financial plan in terms of framing a plan for a revenue crisis.

Belaustegui proposed that the long-term financial plan should consider where the Village wants to be in 10-20-30 years and then work back. Setting up visions can result in achieving what is agreed upon.

Stearn stated that Council has identified plans it wants to put into effect. The Parks and Recreation Board was directed to draft a five year park plan. The Planning Board was authorized to prepare a Southfield Road corridor plan. Council has directed the Finance Committee to report on the Village’s obligations in terms of retiree health care and alternatives for addressing those costs. Council members have said they would like the Finance Committee to work on a long-term finance plan that will address what Council needs to do to maintain the current level of service.

Council was in agreement that the Finance Committee should proceed with preparing a strategic plan and resulting document that will assist Council members and others to understand the business of the Village. The Committee was directed to prepare a long-term financial plan for how to maintain Beverly Hills in its present condition with the current level of services for the next 5-7 years, anticipating changes that may occur over that time.

Stearn made the suggestion that, when Council is not certain of the financial impact of an agenda item, consideration should be given to referring that matter to the Finance Committee for study and a report back.

It was understood that a large percentage of budget items are set by contractual agreement. Stearn requested that the Finance Director prepare a list of line items that represent discretionary spending for Council’s review prior to the March 27 budget study session.

#### **COMMITTEE COMMENTS**

Hitz suggested that the Finance Committee draft a brief description of its work plan for preparation of a long-term financial plan and timetable to affirm that the Committee and Council are in agreement.

**COUNCIL COMMENTS**

Pfeifer announced that Council voted to establish an ad hoc committee that will gather information and conduct a feasibility study on the city versus village issue. The membership of the Committee will consist of one member each from Council, the Finance Committee, Planning Board, Administration, and two members-at-large. A volunteer is needed from the Finance Committee. Belaustegui responded that the Finance Committee will be in communication with Pfeifer regarding this appointment.

Motion by Mooney, second by Merritt, to adjourn the meeting at 9:05 p.m.

Motion passed.