

Present: Chairperson Belaustegui; Members: Fassett, Hitz, Merritt and Westerlund

Absent: Mooney

Also Present: Finance Director, Wiszowaty
Council liaison, Pfeifer

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

APPROVE/AMEND AGENDA

Motion by Merritt, second by Fassett, to approve the agenda as published.

Motion passed.

PUBLIC COMMENTS

None

CONSIDER APPROVAL OF REGULAR FINANCE COMMITTEE MEETING MINUTES HELD MAY 8, 2007

The spelling of 'Westerlund' was corrected in the list of those present.

Motion by Merritt, second by Westerlund, that the minutes of a Finance Committee meeting held on May 8, 2007 be approved as amended.

Motion passed.

DISCUSS 2007 FINANCE COMMITTEE ASSIGNMENT TO DEVELOP A FINANCIAL STRATEGY TO MAINTAIN VILLAGE SERVICES

It was reviewed that the Finance Committee was directed at its joint meeting with Council in March to develop a financial strategy to maintain Village services at their present condition for the next 5-7 years. Belaustegui remarked that Council did not appear to be receptive to the Committee's work on developing a master financial review document; the Committee will discontinue work on that effort.

Belaustegui suggested that the Committee's approach to the assignment will require focusing on the five-year plan with a more strategic look on how to maintain services. Members concurred that further direction and agreement is needed from Council on its charge to the Finance Committee in order for the product to be useful to them.

Hitz suggested that, if the five-year plan reveals that services cannot be maintained at the current level based on assumptions and forecasts, this Committee could act as a third party to look at the assumptions to determine if they are as conservative and logical as they need to be. The Finance Committee would work with Administration to generate ideas to continue services at the current level. Hitz thought that it was the responsibility of Administration to determine how to increase revenue or decrease expenses. This body would review and analyze the assumptions, actions and proposals from administration.

Westerlund commented that there are portions of the budget that are uncontrollable; we need to look at the variables. It would be helpful to know which areas Council finds the most troubling and where this Committee can lend assistance. Merritt concurred that the Committee needs clear direction from Council as to what they are looking for.

Fassett remarked that the financial forecast is a product of what the Village staff thinks is going to happen based on all the information that they have currently. Strategy is set by policy makers who determine where we want to be. The Committee needs strategic objectives in order to prepare a financial strategy. Fassett emphasized that the purpose of this committee is not to augment the staff; this body does not have the day to day control of the numbers to opine with any value.

Pfeifer commented that she would like take a message back to Council that the Finance Committee thinks there would be value in sitting down together as a group to define Council goals and the Committee's role.

Belaustegui stressed that his expectation is that the Finance Committee would work with both administration and Council. Members of administration including Bob Wiszowaty, Renzo Spallasso, and Karl Woodard would have to be receptive to the Finance Committee becoming involved in formulating a financial strategy. Given the present disruptive financial situation, there is a need for thoughtful analysis that the Finance Committee can provide. Belaustegui proposed having working sessions with the Council and administration to jointly develop the five year plan.

Belaustegui suggested continuing with a review of the Five-Year Financial Forecast before determining how to proceed with financial strategy assignment.

REVIEW AND DISCUSS 2007 FIVE-YEAR FINANCIAL FORECAST

Committee members are in receipt of a document prepared by Wiszowaty intended as preliminary General Fund Assumptions for use as a base from which to work on a financial forecast. Members have also received copies of a General Fund Five Year Projected Revenues & Expenditures report, which includes 2000-01 to 2006-07 Actual, 2007-08 Budget, and 2008-09 to 2012-13 Estimated numbers.

Belaustegui proposed that the Committee review and work through the major items with administration in order to agree on the planning basis of revenue. He commented on current economic developments including an announcement from Oakland County that it is projecting a reduction in property tax revenue by about a half a percentage point next year due to a decline in the values of homes of 5.2 percent. Belaustegui contacted the County Treasurer's Office for further information that would help Beverly Hills work through these calculations, but did not receive input other than trends for the Township as a whole. It will be 2012 before the Township is back on trend line again.

Belaustegui referred to graphs included in the packet that exhibited State Equalized Value versus Taxable Value trends for the Village of Beverly Hills and for Oakland County. Another graph showed trends in property tax increases from 2000/01 through projections for 2012/13. He called attention to the fact that there is a need to understand this and work through the methodology so that the Village knows what it is facing in terms of revenue.

Belaustegui talked about recent state plans to resolve the budget crisis and the future of state revenue sharing. The Committee was in agreement that the present economic climate is unusual and requires more review and analysis. Hitz suggested that the Finance Committee inform Council that, in light of unusual circumstances that are going to effect what would otherwise be a normal forecast, this body thinks it should be charged to develop a strategic view of maintaining services.

Hitz left the meeting at 7:46 p.m.

The suggestion was made that the Finance Committee, Council and Administration meet jointly and request that Blake Roe from Plante & Moran act as facilitator to guide the discussion. It is important to have an open discussion to talk about economic factors and draw on all the ideas with a facilitator present to keep everyone on track in terms of making decisions and documenting specific action with the agreement of Council and Administration. Suggestions from the Committee, Council, and Administration for items to be discussed at this meeting should be forwarded to Wiszowaty. Wiszowaty will contact Blake Roe to determine his availability and suggestions for this session. Dates of Saturday December 1 or December 8 were proposed.

REVIEW FINANCIAL REPORT AS OF JUNE 30, 2007

Committee members are in receipt of the Village of Beverly Hills Audit Report for the fiscal year ending June 30, 2007. Wiszowaty provided an update on the financial statements, followed by discussion from Committee members.

REVIEW STATUS OF CITY STUDY AD HOC COMMITTEE AND RELATED REQUEST FOR WRITTEN INPUT ON FINANCIAL IMPLICATIONS FROM THE FINANCE COMMITTEE

The City Study Committee is beginning to prepare a report on its findings. There has been a request that the Finance Committee provide input on the financial implications of becoming a city.

Belaustegui stated that the study committee is asking for information as to what would happen from a financial viewpoint in terms of assets and expenses if the Village became a city. Further research is required on the Township's assets and how monetary and physical assets would be handled if the Township were dissolved or some assets and functions transferred to a newly incorporated City of Beverly Hills.

Pfeifer remarked that the Boundary Commission would be a source of information at the point that Beverly Hills decided to engage in this process. She envisions all parties coming together for a summit meeting at the completion of the City Study to share information.

It was agreed that input from the Finance Committee would be discussed further at the next meeting of the Ad Hoc City Study Subcommittee to be held at 7:30 a.m. on Thursday, November 15th.

Motion by Westerlund, second by Merritt, to adjourn the meeting at 8:26 p.m.

Motion passed.