

Present: Chairperson McDonald; Vice-Chair Mooney; Members: Belaustegui, Hitz and Westerlund

Absent: Fassett and Merritt

Also Present: Finance Director, Wiszowaty
Council liaison, Stearn
Council member, Koss

Chairperson MacDonald called the meeting to order at 7:00 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE/AMEND AGENDA

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

Motion passed.

PUBLIC COMMENTS

None

CONSIDER APPROVAL OF FINANCE COMMITTEE MEETING MINUTES HELD FEBRUARY 12, 2008

Motion by Mooney, second by Belaustegui, that the minutes of Finance Committee meeting held on February 12, 2008 be approved as submitted.

Motion passed.

REVIEW STATUS OF FINANCIAL IMPLICATIONS OF BECOMING A CITY

Motion by Mooney to table discussion of financial implications of becoming a city until the members who authored the report are present.

Motion passed (5 – 0).

REVIEW FIVE YEAR FINANCIAL ASSUMPTIONS

MacDonald reviewed that Council has asked the Finance Committee to look at the five year financial forecast based on existing conditions. At the last meeting, Wiszowaty was asked to provide the Board with copies of revenue and expenditure assumptions for 2008/09.

Hitz questioned whether it would be productive to review the one-year assumptions unless they were the same for the next five years. Belaustegui commented that the proposed 2008/09 budget is based on those one-year assumptions. It was noted that the Finance Committee was asked to participate in the review of the 2008/09 budget; the charge from Council was also to look at the Village's financial forecast from a five-year perspective.

Council member Koss remarked that the intent of the joint meeting of the Finance Committee and Council on April 8 was for a first review of the budget. Council would like input from the

Committee on the budget and any suggested changes. There were members of the Finance Committee who were not aware of the joint meeting with Council. It was mentioned that the meeting will be taped and replayed on the municipal cable channel.

Finance Director Wiszowaty stated that the assumptions for the 2008/09 proposed budget were reviewed and approved at a Council study session held on January 22, 2008. He went through General Fund expense assumptions noting that the goal was to maintain the current level of service over the next five years. Wiszowaty indicated that these assumptions for the one-year budget will probably be straight lined for five years. Current contracts are in place through 2010. One item that is expected to change is rubbish collection and disposal, which Wiszowaty anticipates will go from a 7.5% increase to a 3.5% increase after the first year of the contract.

Committee members discussed how to proceed with their assignment and present financial information in an uncomplicated way. It is evident that assumptions are flat and increases are projected for every item on the expense side. Wiszowaty anticipated that expenses will exceed revenue by \$400,000 this year. The budget will have to be balanced by either using money from the fund balance or by reducing municipal services.

Stearn remarked that Council was expecting the Finance Committee to put together a five-year financial projection and recommend areas to cut in the budget, new revenue sources, or a suggestion regarding additional millage. He was looking to the Committee for an idea of where the Village will be 2-3-4-5 years from now if spending continues on the same level and to offer recommendations on where changes could be made so Council can make some decisions.

Belaustegui commented that the budget can be balanced this year by using money from the General Fund balance, but that cannot continue over the next few years. Either taxes will have to go up or costs taken out of the budget. Those cost reductions cannot be minor and would involve cuts in service. He added that the Village's post retirement health care costs will be a major issue in future years.

Hitz reiterated that Council wants the Committee to look at a five year projection with these assumptions, which are straight-lined, and consider what changes might be made to balance the budget.

Koss stated that costs are going up and income is going down. It has been affirmed that there is little that can be changed in the budget, which results in a bleak five-year forecast. She believes that there will have to be a tax increase unless Council begins to eliminate Village services. The Village cannot continue down the same path. Consideration could be given to proposing a tax increase and leave it to the people to decide.

Mooney stated that the way to raise taxes effectively is to convince everybody in the community that it is the right thing to do. It was suggested that a tax increase should not be proposed before the dedicated millage expires in 2009/10.

Hitz commented that Council needs a third party to look at the assumptions and determine whether they are valid. The Finance Committee has determined that the assumptions are valid. If

the results of the forecast based on those assumptions are not good, the Committee is being asked to make recommendations as to what Council can do.

Westerlund recapped that, based on the assumptions presented by administration, expenses will exceed revenue this year and the following years. The Finance Committee has identified options that can be pursued to balance the budget: 1) reduce the fund balance; 2) increase millage; 3) cut expenses; 4) combine services; or 5) change the assumptions. The group can elaborate on these five items and report to Council. Council will consider the information and discuss its options.

Motion by Westerlund, second by Mooney, that, considering the fact that the five-year financial forecast shows that there will be a deficit in year 2008/09 of approximately \$400,000 and a continued increasing deficit in succeeding years, the Finance Committee is preparing a report that will explore recommendations for changes in the following areas: 1) Reduce the fund balance; 2) Increase taxes/revenue; 3) Decrease expenses/services; 4) Consolidation of services/expenses with other communities; and 5) Examination of assumptions.

Motion passed (5 – 0).

PUBLIC COMMENTS

Jim Calder of 18251 Birwood stated that he has worked in Beverly Hills, Berkley, Huntington Woods, and Oak Park and believes that there is no place like Beverly Hills. He does not think that there are any Village services that can be shared. Calder distributed copies of a report he prepared including his observations regarding various questions being considered by the Finance Committee relative to Village finances. He believes that time is of the essence in proposing a tax increase. Calder offered his assistance to the Village and to the Finance Committee.

MacDonald stated that the next meeting of the Finance Committee scheduled for April 8 will be a joint meeting with the Village Council to review the 2008/09 budget.

Motion by Mooney, second by Westerlund, to adjourn the meeting at 8:56 p.m.

Motion passed.