

**PROCEEDINGS OF VILLAGE OF FRANKLIN
VILLAGE COUNCIL 2 YEAR BUDGET REVIEW WORKSHOP
MONDAY, MARCH 31, 2010, 7:00 PM
FRANKLIN VILLAGE HALL – BROUGHTON HOUSE
32325 FRANKLIN ROAD, FRANKLIN, MICHIGAN 48025**

I. CALL TO ORDER

The meeting was called to order by President Gallasch at 7:03 p.m. at the Franklin Village Hall, Franklin, Michigan.

II. ROLL CALL

Present: Fred Gallasch, Brian Gettel, Mark Jahnke, Jim Kochensparger,
Absent: Alan Harnisch, Steve Rosenthal, Bill Lamott (all excused)
Also Present: Jon Stoppels, Administrator
Thomas Morrow, Treasurer
Eileen Pulker, Clerk
Patrick Browne, Police Chief
Tony Averbuch, Fire Chief

III. 2 YEAR BUDGET REVIEW DISCUSSION (FY 2010-2011 & FY 2011-2012)

Gallasch thanked those who worked on the budget and inquired as to who will be representing the Planning Commission with David Goldberg replying that he would be speaking on behalf of the Planning Commission.

Goldberg provided an overview/status update as to the 2007 Master Plan Areas of Emphasis, 2007 Master Plan and a review of the Master Plan Tasks as follows: Green sustainable practices-baseline assessment/education (estimated cost \$5,000.00 to implement project); Protect the residential Village periphery – develop plan depicting viability of non-commercial use; Identify land acquisition mechanisms – internal project/educational (estimated cost \$3,000.00); Establishment of a Corridor Improvement Authority – optimum time is when taxable values are low to capture maximum value down the road (estimated cost \$5,000.00); Unified Village sign system - drawings/bids/prototypes (estimated cost \$7,000.00); and Kreger House and Huda Special Land Use Permits (no associated Village hard costs). Discussion ensued regarding projected cost for options to protect the residential Village periphery with Goldberg noting that a traditional approach to develop a plan depicting non-commercial as a viable use would be costly however utilizing donated professional time would reduce costs (estimated cost \$5,000.00 - \$25,000.00) with Kochensparger advising property owners could also be involved, budget constraints, and prioritizing of tasks with Goldberg advising that Protecting the residential Village periphery and Unified Village sign system are the top two. Stoppels noted that the merchants and Main Street feel strongly that parking concerns will need to be addressed. Discussion ensued regarding parking concerns with Goldberg advising that the Commission could facilitate/assist with the creation of a plan and with Kochensparger noting that implementation of a plan not a study should be the goal.

Stoppels provided an overview/introduction to the proposed 2 Year Budget, noted that FY 2010-2011 is balanced and has a surplus which will help offset any further reduction in taxable value for FY 2011-2012 which has a projected deficit, identified factors that could further impact the general fund, advised that the Fire Fund is impacted by the Headlee cap, and outlined strategies for further consideration.

Discussion ensued as follows:

- (Gettel) Healthy percentage target for fund balance with Stoppels advising that the rule of thumb is 25% (3 months) however 20% could be reasonable for the Village due to its lower potential for risk. Morrow advised that bond ratings are greatly impacted by fund balance and Jahnke added that current economic challenges portray the wisdom of a healthy fund balance.

- (Gettel) Concerns relative to information still to be received from the Actuarial Study with Stoppels noting that the Village is funding post-retirement benefits, though it is not required to do so, and further noting his concerns regarding timing of information received from MERS relative to pension funding levels.
- (Jahnke) Message to be communicated is that spending has to be brought back to what it was 3-4 years ago which will be tough due to declining taxable values.
- (Jahnke) Debt service- historical, current and projected perspective overview. Discussion continued regarding strategies including pursuing a Headlee override, difficulty in projecting too far out, and projection that values will not return to their peak until perhaps 2025.

Jahnke led a review/discussion of the proposed 2 Year Budget by page as follows:

- General Fund revenues: Have discussions with neighboring communities regarding cable board funding; Other department salaries from Bldg. includes administrative cost; review projections on interest income; Opportune time to fine-tune budget is now; sale of fixed assets – review closely; State revenue sharing - could be additional revenue or additional reduction.
- Council Expenditures: Revisit subscriptions; eliminate Council per diems; Planning Operations – review; Clarification of Master Plan numbers as requested by Matthias Meyer, Main Street Board Member.
- Administrative Expenses: Clarification as to changes due to combining 2 positions into 1; Main Street funding, training expense, seed money for fundraising with Meyers opining that \$10,000.00 to \$20,000.00 would assist in getting the 3 planned events rolling.
- Village Clerk: Review 2 year impact due to Group Insurance proposed amendment; clarification as to contracted services.
- Police Department: MERS timing of report, analysis, and funding level; Benefit to Village of Officer who retired with Jahnke requesting that be documented in some way; Ensure projection for legal/related expenses is not overly optimistic; Be creative and realistic regarding police car operations; Pros/cons of hiring part-time officer to deal with increased traffic due to Telegraph Road project; Error on 2011-2012 total costs with Stoppels offering to double-check.
- Miscellaneous Expenditures: Investigate methods to reduce or spread out transfer of funds to Wastewater Fund; rising bank fees due to declining interest income with it being noted that recent changes have reduced costs.
- Proposed Amendments – very preliminary and very incomplete.

Discussion ensued regarding General Fund with it being noted that 2011-2012 poses challenges due to declining taxable values and wisdom of not utilizing general fund for ongoing operational expenses.

Discussion ensued regarding Building Fund with it being noted that this fund needs to be closely reviewed before the May Public Hearing due to cash basis implications of this fund, challenges in making projections based on assumptions, and administrative costs; Road Fund; Pressure Sewer Fund with Morrow agreeing that each year until the bonds are retired the millage amount should be reviewed; Fire Fund implication of reaching the Headlee Cap, funding challenges, 2011-2012 projected deficit, potential Headlee override, with Averbuch providing an overview of the budget and noting the challenges; Garbage and Rubbish Fund, uncapped dedicated millage, pros and cons of changing frequency of pickup, hazardous waste program (add back in for June of 2011, investigate charging car fees, collaboration with neighboring communities, limit materials, etc.), with the suggestion made to get creative with the bid

process; Library Fund; Debt Service Fund; Wastewater Management Fund and the need to keep track of tri-annual permits.

Jahnke noted that the 2 year budget affords an opportunity to look forward to issues and investigate options for paying for services such as the Fire Department using a pervasive approach and it is critical to understand retiree obligations.

Gettel commented on Stoppels' Memo dated March 26, 2010 outlining options for possible cuts or new revenues and noted that this is a useful tool but additional information is needed before these can be contemplated with Stoppels noting that the 2010-2011 budget is balanced and this is for informational purposes looking forward.

IV. ADJOURNMENT

Motion by Gettel supported by Kochensparger to adjourn the meeting.

Ayes: Gallasch, Gettel, Jahnke, Kochensparger

Absent: Harnisch, Lamott, Rosenthal

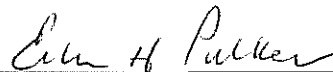
Nays: None

Motion carried.

There being no further business, the meeting adjourned at 9:23 P.M.

Respectfully submitted,

Lori Rich, Recording Secretary



Eileen H. Pulker, Clerk

H. Frederick Gallasch, President