

**PROCEEDINGS OF THE VILLAGE OF FRANKLIN
VILLAGE COUNCIL SPECIAL MEETING
BUDGET PUBLIC HEARING
MONDAY MAY 22, 2006, 8:00 P.M.
FRANKLIN VILLAGE HALL – BROUGHTON HOUSE
32325 FRANKLIN ROAD, FRANKLIN, MICHIGAN**

I. CALL TO ORDER

The meeting was called to order by President Jahnke at 8:01 p.m. at the Franklin Village Hall, Franklin, Michigan.

II. ROLL CALL

Present: Fred Gallasch, Alan Harnisch, Randy McElroy, Dominick Schiano, Mark W. Jahnke, Brian Coyer (arrived 8:02 p.m.)

Absent: Bill Lamott

Also Present: Jon Stoppels, Administrator
Eileen Pulker, Clerk
Patrick Browne, Police Chief

III. ADOPTION OF AGENDA

Motion by McElroy supported by Gallasch to approve the Agenda as presented.

Ayes: Coyer, Gallasch, Harnisch, McElroy, Schiano, Jahnke

Absent: Lamott

Nays: None

Motion carried.

IV. ADMINISTRATOR'S BUDGET PRESENTATION

Stoppels, noting that no public was present, deferred to the Council, and asked for their questions.

V. FISCAL YEAR 2006-2007 BUDGET PUBLIC HEARING

A. Open Public Hearing

No public was present.

B. Public Comments on Budget

None

C. Council Comments

McElroy had no comments, reserving the right to comment as questions arose.

Schiano began by commenting on the Pressure Sewer Fund, as directed, Stoppels had zeroed out the millage for the Sewer Fund in order to use the fund balance in lieu of tax money to fund the account for the fiscal year beginning July 1, 2006; noting that while part of the Fund Balance was being used in the proposed budget, he wanted to convey his opinion that most of the Fund Balance (approximately \$1,500,000 at the end of the fiscal year) should be used as quickly as possible (in the next three to five years) to pay the debt service in that fund, because it makes good financial sense and to benefit those Villagers currently residing in the Village rather than those who will be moving in within the next few years. McElroy opined that the entire amount should not be spent for that purpose; that a reserve should remain to more evenly distribute the balance to not abruptly change the millage rate from year to year. Jahnke responded that he did not agree and would prefer to use the fund balance as soon as possible to pay the debt service each year.

Gallasch reminded the Council that the Treasurer, Tom Morrow, had indicated his preference for more like a five (5) year plan to use up the fund balance. McElroy reiterated that he would like to not use the entire fund balance as soon as possible, but rather over the next three or more years. Schiano restated his opinion that the fund balance be used up sooner rather than later, to benefit those residents in the Village currently.

Gallasch commented that he would like the Village to look into the investment plan that the Birmingham Area Cable Board is using with some success. Gallasch added that material had been provided to Treasurer Morrow and that he would follow up with him, and encourage him to explore the plan and advise Council on whether or not to proceed. Gallasch by way of explanation shared that the firm invests the money not immediately needed by each community and provides the highest interest rate available, with any fees being charged to the banks not the communities.

Stoppels presented a chart showing the Five Year History of the millage rate for the Village residents, illustrating the annual village tax amount for each of the last five years for a home with a beginning taxable value of \$250,000, which showed a reduction in taxes of approximately \$1,200.

Harnisch had no questions.

Coyer had no questions.

Jahnke noted several questions regarding expenditures, as follows:

- Surveys

Stoppels stated that the Council Survey was for the ACRT Tree Survey, and the Police Contract expenses were for the MERS Retirement & Health Insurance Study, The Mercer Group Police Department Study, Gabriel, Roeder, Smith and Company Actuarial Study of the Funding for the Police Retirement Fund, and the Michigan Municipal League for Executive Search assistance for the Police Chief position.

- Public Information – increase

Stoppels stated that this included not only the “Quorum” (Village Council’s Newsletter), but also other public hearing notifications throughout the year, most certainly some notifications for Planning Commission Master Plan meetings.

- Miscellaneous council expenses

Stoppels noted that those items considered miscellaneous included meeting supplies, luncheons, and other meeting attendance costs.

- Discussed the need for year to date information to determine the appropriateness of budget figures proposed.

Stoppels stated that he would provide that information in the official budget document.

- Opined that the change in auditing costs (to better provide for the accepted bid cost for the audit) could be taken out of the amounts listed for accounting services.

Stoppels stated that the changes will be made in the final document.

- Opined that Legal fees may be high, both in General Fund and Building Fund based on current year expenses.

Stoppels noted that while Legal costs are down somewhat from several years ago, there are code enforcement issues and other legal issues during the current year budget that necessitated amending the budget in order to increase the expense amount, and by setting the expense at the suggested level, no further amendment should be needed throughout the new fiscal year.

- Questioned unemployment charges for past year

Stoppels stated that the amount necessary (approximately \$9,000) was included in the budget amendment for Administrative salaries.

- Questioned group insurance and workers' compensation costs.

Stoppels stated that with personnel changes the health insurance premiums were less for last year, and the new budget estimates those expenses with the current employees, and the bill for the worker's compensation premium has already been received and the actual premium amounts were used for the budget expense amounts.

- Administrator vehicle costs.

Stoppels discussed the fleet costs for the Village, detailing which vehicles would be sold and when, what deliveries are expected and the equipment for each, and added that he would be obtaining a new, economical vehicle for his own use once the appropriate vehicles had been sold.

- Contract costs for Clerk

Stoppels and Pulker stated that those costs included: payroll services (ADP), codification (Justinian Publications), and further checking showed the account includes minute takers, and the ongoing recordation project.

- Police Retirement Contributions

Stoppels explained that the retirement payment to MERS for Chief Glomb was included in the retirement contributions for the police fund, so that the budget for the new year is less and the new E-2 factor for the Police Retirement plan through MERS was included in ½ the year for the previous year and for the entire year in the new budget.

- Police forfeiture fund expenses

Stoppels detailed some of the newer equipment items that Chief Browne is interested in purchasing and plans on using those forfeiture funds to do so.

- Building Department and Special Assessment (SAD) payments to the Police Fund

Stoppels explained the reasoning behind the Building Department contribution stating that on average 45 minutes of each shift would be spent on building code enforcement. Stoppels discussed a new placard system that would provide a ready device to place building permits, adding a color coding system to indicate which type of permit has been approved for each location. Stoppels stated that once determined he would provide the color code key to Council members so that they too could ascertain what permits have been granted for each location. Stoppels also discussed the SAD payments, explaining that the formula used had been re-examined and updated and that the cost also included

Bingham Farms' share of the Retiree Health Care contribution to be made for the first time this budget year.

- Police Salaries

Salaries were discussed and Stoppels was directed to ask Janz & Knight about what accrual basis amounts would be attributed to each year's payroll in the audit process.

- Broughton House Communications costs

Stoppels reported that item includes telephone costs for all departments in Village Hall and internet access.

- Contract Services for Broughton House

Stoppels stated that a number of contracts were covered by that description were and further research found that the charges for several contracts that provide services for all departments in Broughton House, which include: copier, water delivery, water softener, maintenance, lawn care, cleaning, and pest control.

- Library Insurance Expense

The amount for the amended budget for the current year was found to be on the wrong subject line, but included in the General Fund totals.

The number of home demolition and renovations were discussed, and it was determined that more could be looked into to determine the remaining parcels in the Village that would be likely to be substantially improved, which would help to determine any future increases in the tax revenues for the Village.

- Local & Major Road Funds

The Road funds were briefly discussed including the various interest accounts and the amounts expected in upcoming year due to the fund balances in each of the funds.

Stoppels reported that three (3) bids for the Department of Public Works had been received and that he had requested that each firm provide their equipment lists and procedures for implantation of their plan to provide service to the Village. Stoppels stated that the final consideration of the bids would be presented at the Regular June 12, 2006 Village Council meeting.

Stoppels stated that research had found that the ownership of the Franklin Public Library building had been transferred to the Library Board in 1976, but that further research needed to be conducted to determine whether or not proper documentation had been provided to the County Clerk – Register of Deeds to complete the transfer. Discussion ensued regarding maintenance, insurance and tax record issues. Stoppels added that he would confer with Village Attorney John Staran to ascertain what had or had not taken place at that time. Stoppels stated that he would report back to the Council when further information had been obtained.

The Fire Fund millage was discussed, including the fund balance built into the budget currently, which Stoppels explained was to ward off any shortage of funds that may present itself in the next few years with the Headlee and Proposal A limitations to the voted millage rate for Fire Protection. Gallasch noted that the fund balance (now at 20% of the annual cost to the Village for Fire Protection) would allow the Council adequate

time to present to the voters intelligently the need for a Headlee override or increase in the millage rate to provide the funds for Fire Protection. Coyer stated that Chief Averbuch and the Franklin/Bingham Farms Fire Commission had done an excellent job of keeping expenses in check and providing for the necessary equipment and training, but the cost for fire protection will continue to increase and the future need of this reserve remains (as it had when we originally began to levy taxes for the fund balance) and they had also recently added a full time employee which will increase their costs.

- Pressure Sewer Fund

Jahnke questioned the inclusion of debt service and the depreciation of the sewer system in the Pressure Sewer account and requested that Janz & Knight be asked whether or not the specific accounting pronouncements for GASB 34 make those computations and inclusions necessary. Schiano noted that receivables should be set up for those grinder pump installation charges that are received by the Village but later paid to Oakland County Drain Commission per their contract with the Village.

The Garbage Fund was discussed and Stoppels stated that only one contractor, Waste Management, had responded to the bid request and in so doing had advised him that there are now 1155 household (by their count) in the Village. Discussion ensued regarding the lesser amounts of complaints in general, with less trash being left strewn about the Village, and the fact that oil spots are on Village roads as a result of leaks from the garbage trucks. Stoppels was directed to advise Waste Management to prevent the stains on the roads. Stoppels noted that two options have been offered; one for two (2) years, one for five (5) years and the contract will be before the Council for their consideration at the June 12, 2006 Regular Village Council meeting.

- Waste Water Fund

Jahnke questioned the fund balance in the fund. The use of prior year funds were discussed now that the environmental grant money is no longer available from Oakland County.

Stoppels was complimented on his "great job" of putting together this year's budget, and Stoppels stated that he had contacted each department head as well as the Commission chairs to ascertain the budget requirements for the upcoming year, just as he had done for the previous three (3) years. Stoppels added that if he did not hear back from a department or commission chairman he presumed that the budget numbers he had provided met with their approval.

Stoppels was also directed to include an article in the next "Quorum" (which would be primarily about the newly enacted budget) as well as other new publications, about the Village's funding for the retiree health care premiums, in as much as the Village is one of only a handful of communities to have done so, in accordance with new legislation.

D. Public Hearing Closed

This portion of the meeting concluded.

VI. CONSIDER ADOPTION OF FISCAL YEAR 2006-2007 BUDGET

Motion by Schiano supported by McElroy to approve the Budget for the Fiscal year 2006-2007 as presented, adjusting the entries for auditing to equal the amounts needed by using the designated accounting funds, and to insert a column showing the year to date revenues

and expenditures through February 28, 2006, with an annual Village millage rate of 6.2270 mills per \$1,000 of taxable value.

Ayes: Coyer, Gallasch, Harnisch, McElroy, Schiano, Jahnke

Absent: Lamott

Nays: None

Motion carried.

VII. ADJOURNMENT

Motion by Gallasch supported by Harnisch to adjourn the meeting.

Ayes: Coyer, Gallasch, Harnisch, McElroy, Schiano, Jahnke

Absent: Lamott

Nays: None

Motion carried.

There being no further business, the meeting adjourned at 9:20 p.m.

Respectfully submitted,

Eileen H. Pulker, Clerk

Mark W. Jahnke, President