

**SPECIAL MEETING
VILLAGE OF FRANKLIN
VILLAGE HALL – BROUGHTON HOUSE
32325 FRANKLIN ROAD
FRANKLIN, MICHIGAN
APRIL 16, 2012, 7:00 PM**

I. CALL TO ORDER

President Kochensparger called the meeting to order at 7:00 p.m. at the Franklin Village Hall.

II. ROLL CALL

Present: Tom Morrow (Trustee and Village Treasurer), Lew Eads, Jim Kochensparger, Sherry Sparks, Pam Hansen

Absent: Steve Rosenthal, Mike Seltzer (excused)

Also Present: Amy Sullivan, Administrator; Eileen Pulker, Village Clerk; Pat Browne, Police Chief

III. DISCUSSION ITEM

A. Special Meeting to Discuss Preliminary Budget FY2012-2013

Sullivan provided a brief PowerPoint presentation of the 2012-2013 Proposed Draft Budget.

Sullivan compared the tax revenues for the General Fund between the Actual (2010-11) year, the Projected (2011-12) year, and the Proposed (2012-13) Budget. Sullivan proceeded to explain the anomalies in the upcoming year budget provided, pointing out the following: no Franklin Subwatershed tax revenue; smaller Road Fund transfer; no anticipated grant proceeds; smaller CDBG revenue; smaller Police fines; smaller Miscellaneous (prior year had cable rebate and MMRMA insurance dividend), and appropriation of Restricted Funds (from drug forfeiture and website grant in prior year); noting that it is expected that the revenue will be lower.

She then explained and compared the Expenditure Differences of the General Fund for Actual (2010-11), Projected (2011-2012), and Proposed (2012-2013) Budgets, pointing out: **Council** (cost for printing election material higher in 2011-12; planning costs higher in 2012-13, -1%); **Administration** (group insurance lower in 2012-13, -4%); **Clerk** (group insurance higher in 2012-13 for single coverage insurance only, +17%); **Police** (includes 8% increase in OPEB; DOES NOT INCLUDE INCREASED PENSION COST; does not include group insurance savings from high deductible plan, +1%); **Miscellaneous** (no transfer to Building Fund or Wastewater Fund in 2012-13; operation of Kreger House bathrooms in 2012-13; no Franklin Subwatershed expense, -35%). She added that the Miscellaneous Fund of last year and this year includes appropriations from the General Fund Balance in order to balance the budget.

Overall the expenditures between last year and this year are up 1%, and expects them to be down 2% for next year.

Sullivan explained that for FY 2010-11 originally there was a \$67,604 deficit and the projected balance for FY 2011-12 is a \$37,007 deficit. If the Budget were to be adopted as is presented and if revenue and expenditures came in as projected there would be a surplus of \$25,758 which would go back into the General Fund Balance. Morrow added that the budget accomplishes the goals the Council set forth when it went out to the voters with the Millages to fund the Police and Fire Departments and to replenish the General Fund Fund Balance.

Public Comments on General Fund

Nomi Joyrich, Bead Works, Franklin Rd., stated she had been at this location since 1983. She quoted the page from the MSF website entitled, “The 2011 Financial Benefits of Main Street”. She then remarked that the return in Franklin’s investment was 654% and posed the question of whether there was any “... other expenditure by the Village (that) generated (that) kind of return on (the) investment?”

Morrow questioned where the General Fund received money back from Main Street. To which, Carmody, Main Street Franklin Administrator, explained MSF’s method of tracking the “return” of the private/public investment. A discussion ensued as to the correct usage of the term “return on investments”.

Nomi Joyrich continued by listing the many activities and events Main Street has brought to the Village Center.

Mira Stakhiv, Crestwood, acknowledged MSF’s benefits to the village, but pointed out that there are tangible and intangible things and stated that the budget is reviewed in terms of numbers. Stakhiv had some questions about General Fund Expenditures starting with the need for an explanation on the Cable revenue and expenditures which Eads and Morrow answered. Eads also explained that it is more of an inter-local “agreement” between the 4 communities as opposed to a “contract”. Stakhiv continued with questions about the Administration Expenses for Contracted Services; Police Department expenditures for Police Liability Insurance; accounting services and auditing charges. Sullivan responded explaining that accounting and auditing services provided by the Village Auditors were split between the various funds. Stakhiv questioned the Building Plan Reviews in the Building Department Fund Income and some of the Local Street Fund Expenditures. Stakhiv suggested that the Council explore a different type of contract when it comes to Winter Road Maintenance.

Fred Gallasch, Rosemond Dr., pointed out a mislabeling of a Fire Fund Expenditures. Gallasch asked for an explanation of the miscellaneous line item large number in the General Fund Expenditures for Village Council in the current year (2011-2012) Amended Budget. Sullivan noted that it included new website expenses and clarified that in next year’s budget the website will have its own line items in Revenue and Expenses.

Frank Yanke, Yanke Design Jewelry, provided background of his business and his decision to open a store in Franklin in 1989, and what MSF has meant to its current operations and its financial future. Yanke opined that if the Village invests in MSF now, it sets the stage for future growth.

Jane DePotter, co-owner of Fritz and Friends, stated that she is a new business owner, appreciates MSF’s work, and requested the Council’s support. DePotter opined that with taxes down and housing values down, if MSF is supported, property values will go up.

There being no further public comments President Kochensparger began reviewing the budget line-by-line.

Morrow explained the revenue for the Motor Vehicle Highway Fund from the State of Michigan Act 51 fuel taxes. Morrow also explained the past funding for the Pressure Sewer Fund resulted in a lower than normal millage rate, noting that in 2012-2013 the taxes for the pressure sewer bonds will be fully paid for with the tax millage.

Al Beke, Colony Hill, asked if the Headlee amendment affects bond millages. Sullivan said that it did not.

Sullivan asked for questions concerning the **General Fund Revenues**.

Dean Moenck, Meadow Drive, clarified that a tax increase is anticipated if there is an increase in property values. Morrow confirmed that Oakland County Equalization Division had provided the Village with the values. Sullivan added that property values went down again this year but at a lower rate than the previous year's and the property tax number reflects an additional .4 mils being levied for the General Fund. Moenck inquired about the monies the Village receives from Bingham Farms for Police protection and how the amount is figured.

Sparks questioned whether the franchise fees are mandatory and for how long the Village must pay the Birmingham Area Cable Board. Eads provided a brief review of past, current, and possible future legislative activities.

Sullivan explained that the grants on page 1 (Birmingham Area Cable Board Grant and Community Development Block Grant) are in the budget because she is fairly certain the Village will receive them.

Sullivan also stated that there is a proposed increase in the Planning Commission's budget for the independent planner.

Dean Moenck, Meadow Drive, opined that he is against deficit spending and that the tax increase was very explicit for Fire, Police, and to restore the General Fund. Moenck stated that he felt that there was a definite disconnect and that those monies should be put into the General Fund Balance. He noted that a lot of things are being added back into the budget after the Village had a tax increase on just Police, Fire, and General Fund.

Mira Stakhiv, Crestwood, brought up some options to consider in regards to the Planning Consultant.

Hansen addressed Stakhiv's concerns while providing some history of the agreement with the Planning Commission consultant.

Dean Moenck clarified that this increase to the budget is without any input from the Planning Commission. Sullivan verified that and apologized. Sullivan noted that she had received the information at the eleventh hour and decided to put it into the draft budget. Moenck opined that the Planner also does work at the direction of the Administrator.

Judy Weiner, Franklin Rd., is a volunteer for MSF, and hopes that the residents realize that the Village is its own unique self adding that she felt that MSF should continue.

Sullivan explained that the only change in **Administration Expenses** is the decrease in Health Insurance.

Kochensparger questioned the amounts provided for the Computer Software and Supplies account.

Mira Stakhiv questioned longevity pay and Sullivan responded stating that it is payment received only by those employees hired prior to September 2009.

Kochensparger asked about **Contracted Services** for the Clerk's Budget. Pulker listed the items provided in that item including annual codification of the Village ordinances, annual license for the payroll system, minute takers, and more.

Discussion ensued regarding funding for minute takers with Dean Moenck opining that budgeting should be changed for those items.

Sullivan presented the **Police Dept. Expenditures** and stated that the Finance Clerk had contacted the employee retirement fund, Michigan Employees' Retirement System (MERS), who said that according to the most recent actuarial report the Village's pension contribution should be \$15,000 higher than what is in the proposed budget. Sullivan stated that it would be her suggestion to increase the pension payment by \$15,000 and to decrease the contribution to Group Medical Insurance, and wait to see what kind of savings we would receive from the proposed high deductible plan. Morrow responded that he believed the Village is at the required minimum amount of contribution to MERS and would like Sullivan to consider not making that change. Sullivan will further examine the cost and bring it back to Council at the next Budget Workshop.

Council may also want to consider adding \$600 to the budget for the printing and mailing out of the Police Crime Prevention brochure. Morrow asked that the Police budget be fully funded for all police services. He thinks that is consistent with what the voters voted favorably for. Sullivan said that the \$600 would be placed in the 305901 Police Public Information line item which is not currently listed in the budget. It will be added.

A discussion ensued regarding the pros and cons of leasing vs. buying new Police vehicles. Chief Browne noted that the differences were that his vehicle and the lieutenant's vehicle are always leased, and the new program provides for a yearly lease payment for three (3) years with \$1 due at the end to purchase the vehicle for patrol cars.

Sullivan highlighted the differences between the current and proposed budget for **The Miscellaneous General Fund** noting that she is not anticipating a transfer to the Building Fund or Waste Water Fund. Kochensparger asked for clarification of what is included in the Broughton House Contract Services. Pulker replied the cleaning service, the copier lease, the water delivery, the water softener service and supplies, and various upkeep, and work around Village Hall by Johnson Landscaping as DPW work.

Hansen suggested that the Kreger House have its own line item under Other Functions in anticipation of the approval of occupancy, the Village will then be able to track the expenses as well as revenues.

The subject of the cost/benefit analysis of MSF was brought up. Kochensparger asked that if Sparks planned on doing one that it be done by the April 30th meeting so that there can be a discussion. Sparks said that she needs more detailed data from MSF including: budget, a tax return, and the amount of money that was collected on the glossy brochure. Discussion ensued. Morrow agreed that he thought it was appropriate that Council look at MSF and noted that Council has asked for a budget from Kreger House (Franklin Community Center), as well. The Council will be considering all relevant factors for both line items.

Hansen reminded the Council that there was an evaluation of MSF done by Oakland County and she is of the opinion that it was a fairly objective evaluation. With regards to the Kreger

House (Franklin Community Center), she is asking for an operating budget because that property is close to completion and will be turned over to the Village. She feels that it is different than a program (MSF) that the Village is paying a fee for. Sparks gave her opinion that the Council has funded the MSF program with government money for 3 years and the length of the agreement was discussed. She opined that it is appropriate, given that the Village is on a tight budget, to look at whether or not the Village ought to be paying for it going forward or if there is another way to accomplish the same goals adding that it is appropriate to look at options. Sparks added that any business would be going through this same budget process and this project is different in that it can be looked at both objectively and subjectively. Sparks noted that due to the annual cost to the Village, it appears to be a legitimate question. Hansen added that if Sparks wants to look at it financially, she would encourage her to work with Morrow and come back to the Council with a proposal for a reasonable cost (financial)/benefit analysis. Hansen felt that if there are some concerns, the Council should address them. Sparks stated that with a recent tax return and a detailed budget, the Council can look at the numbers. Morrow stated that he had asked for a budget from both Kreger House and MSF and thought it would be helpful in making decisions.

Hansen questioned if the **Library Insurance expense** was a pass through. Pulker answered in the affirmative adding that the Library is fully funded through its own millage. Discussion ensued regarding the annual budget/report from the Library, that there is no oversight from the Village, and it was noted that their budget is posted on the Franklin Public Library website. Further discussion involved the ownership of the Library building, which the Village owns along with the surrounding property, and the fact that other municipalities are getting very creative with capturing costs back through facilities rental.

Sullivan pointed out a difference to this budget year is the breakdown of the **Fund Balance**. It has been divided between Restricted funds and Unrestricted funds.

Sullivan reviewed the **Building Department Fund**. Sullivan reminded the Council that at their last meeting it went to a different compensation schedule for the Building Official, which is why there is no longer separate expenses for plan reviews, inspections, and administration; all have been rolled into a salary. Sullivan added that hopefully, activity will be such that there won't be any need to transfer money into the Building Fund to stabilize it.

Dean Moenck asked if there would be any increase in the fees. Sullivan replied that this will be one of her future projects, which would be to renew the fee schedule to make certain that they cover the village's costs.

Sullivan reminded the Council that the Building Fund is more of an "In/Out" Fund. Kochensparger raised the question concerning the money in the Zoning Board of Appeals (ZBA) account. Sullivan explained that this was due to a better accounting method. In previous budgets, the Zoning Board of Appeals fees were paid in Building Department Fund, but the expenses were in the General Fund. Sullivan added that the expenses tend to outweigh the fees paid for the legal ads in the newspapers, the minute taker, and the letters and postage that go out to those residents who are within 1000 ft. of a project. Sullivan added that this was one of the fees she wants to review.

Sullivan addressed the **Major Street Fund**.

Kochensparger led a discussion about the tree management in the Village and how to attend to it. It was decided that the subject would be addressed at a regular Council meeting.

There were no questions on the **Local Street Fund or Pressure Sewer Fund**.

On the **Fire Fund**, Sullivan suggested that when the Council votes on this budget they might want to consider building up some sort of Fund Balance for the Fire Department. Morrow recommended that they not consider it this year because next year the millage rate would be lower to support its operating budget and the Council can make a determination at that point.

Kochensparger introduced the **Library Fund** by stating that the Council has no control over and it is a "pass through" fund. When asked to elaborate on it, Sullivan explained that the Library was set up as an independent board, sets its own millage rate although it is capped by the Headlee Amendment. The Board has decided to levy the maximum millage and as of yet has not provided a budget, even though the Council has no control.

Mira Stakhiv, Crestwood, as a member of the board of the Friends of the Library, praised it, extolling its many valuable programs in spite of its small size. Stakhiv added that she is pleased that many people take advantage of the computers, DVD's books and all, adding that the Library budget is on their website.

Sullivan explained that the **General Debt Service Fund** is an In/Out Expense to pay off the Road Bonds and the Police Building Bonds. Morrow added that a couple of the bonds have been refinanced thus saving the Village some money. Morrow added that these bonds will be paid off in the next few years.

Sullivan explained the **Waste Water Fund**. Kochensparger asked if there was any way to reduce the expenses for the engineering services. Sullivan replied that she will start attending some of the meetings rather than the engineer attending on our behalf. She advised that she would be attending the Alliance of the Rouge Communities meeting the next day.

There was a discussion as to the location (Church vs. Village Hall) of the Public Hearing on May 14. Adequate space for the residents was a concern.

Discussion also ensued about the benefits of holding the April 30, 2012 Budget Workshop. Kochensparger reminded the Council that there were Council members who were not in attendance tonight who might want to ask questions. He also said that the public had already been notified that there would be a 2nd meeting and it is Council's obligation to hold it. Eads made an observation that there had never been this much "work group" on a budget. He acknowledged that a lot had been accomplished at this meeting. He also opined that one more meeting (4/30) would be redundant and believed that there would be ample time at the May 14, 2012 Budget Public Hearing meeting for those residents who were unable to attend tonight's meeting to discuss everything on the budget before Council votes on it.

Morrow said that on May 14 the intent is to vote and approve a budget for the next fiscal year. He also added that since there had been so much interest in the budget this year the idea was to give the public as much opportunity to participate in the process as possible, thus the 2nd meeting. Hopefully, at the May 14th meeting, the Council wouldn't have to go line item by line item which, in turn, would then allow for more discussion.

Hansen recommended that the meeting be held on April 30, but make it shorter. She also added that since more and more people are using the website to get information, pertinent information needed to be timely and accurate which would fulfill the Council's commitment to being completely and utterly transparent.

It was decided that the May 14, 2012 meeting would be held at the Village Hall. Kochensparger asked the Clerk to re-confirm that Comcast will be taping the April 30, 2012 meeting as had been announced to the public at a previous meeting. A request had been made to Comcast to tape this meeting, and a reminder regarding the next one would be sent.

IV. ADJOURNMENT

Meeting was adjourned at 9:35PM.

Respectfully Submitted,

Gail Beke

Eileen Pulker

Jim Kochensparger, President