

STATE OF THE VILLAGE ADDRESS

2009

In recent months we have all become keenly aware of the poor economic condition of our country and particularly the dire straights that the state of Michigan is in. Unfortunately The State's economy has a "trickle down effect" on all cities, villages and townships. In less progressive communities, elected and appointed officials are taking "the sky is falling" approach and making rash decisions to slash budgets, cut services and reduce personnel. This does not need to be the case in Franklin and I feel compelled tonight to give this brief "State of The Village" address, to put this further into perspective.

In recent weeks, Village Officials, appointed staff, and residents have all expressed their grave concerns about the financial stability of the Village. Let me assure you that the Village is, for the time, in good financial shape. This is true because unlike many municipalities, the Village of Franklin has been preparing for the possibility of a severe economic downturn for years.

The proposed budget presented tonight is "proof positive" of the Village's resiliency. Not only is the proposed budget balanced, it is

also less, than in previous years and maintains, as well as enhances, the level of services provided to residents. No funds were needed to be taken from the reserve account which remains a healthy 30% of the General Fund budget. For the Village wide budget, an additional \$50,000 is being added to the total of all fund balances which are now close to a total of two million dollars. Financial forecasting in previous years and Village wide efficiencies are the main reason for these successes. Financial planning is a collaborative effort in Franklin using the unique talents of both elected officials and appointed staff members. Now with that said, however, please do not misunderstand the severity of the current economic climate which will undoubtedly get worse before it gets better. As stated, the 2009 – 2010 fiscal year budget as proposed is balanced, but allow me to be perfectly clear here, it was done so with many line item cuts and spending freezes. Those same efforts will need to be taken again next year and possibly for 2 or more years after that. We have already started looking for additional cuts, new revenue sources and new efficiencies, and have, well in advance, begun planning the budget for fiscal year 2010 – 2011!!

Traditionally, Village officials address issues before they develop and are constantly looking at new and innovative ways of doing things. The Village of Franklin has been a leader in innovation for years and has utilized outsourcing, privatization and intergovernmental cooperation long before it became vogue and much before our own state government began touting the benefits of those concepts in a last minute effort to save their own budget.

We as a government have always moved forward and have done so at a careful and well planned pace. We are still doing that today and will continue that same process as we plan for the future.

In moving forward in the upcoming fiscal year and beyond, there are a number of challenges that we need to understand and address. These are as follows;

1. We must realize that our current staffing levels are essentially the core minimum and even though our personnel are well suited for their individual positions and are cross trained in other areas of responsibility, they will need to be uniquely trained and ready to take on new

responsibilities that will come with the changes needed to prosper.

2. We must be brave enough to reevaluate how we do even the least significant tasks to ensure cost effective and efficient services. Furthermore, we will need to work together at all levels and areas of the Village government supporting one another, and not seeking to “take” from one area to “save” another.
3. We will recognize that there are a variety of opinions as to how we can resolve our financial problems but final decisions will be made by only those who are elected or empowered to do so and only after evaluating all qualified opinions and options.
4. We must look at our greatest expenses first and evaluate the best ways to reduce and control those costs now and in the future and to do so without only looking to “save pennies to pay dollars”.
5. We need to recognize that before considering any additional ways to outsource our services, we should be the one that other communities come to provide their

services in a means that we have already proven we can do better and more efficiently than many other municipalities. In stead of “outsourcing” we should be “in-sourcing”

A recent study by SEMCOG (Southeast Michigan Council of Government) illustrates a benchmark comparison of the 20 most successful and efficient communities in southeast Michigan. Not only does the Village of Franklin have an overall “cost per resident” significantly lower than the SEMCOG model community, (\$521/capita in Franklin as compared to \$691 in the model community) we are significantly efficient in our costs to provide administrative, planning, building, public works, and financial services, averaging 51% cheaper than the top 20 communities, in our region. In other words, we run these departments at a 50% cost savings vs. the best communities in southeast Michigan!! The cost of the Building Department, by design, is covered 100% by fees and not tax dollars. In fact, the Building Department contributes \$37,500 to various activities of the General fund, equal to \$12.76 for each resident of the Village. These are negative tax dollars. The Village’s overall millage is, and has been

the lowest or one of the lowest taxing rates in Oakland County. We have traditionally, and will continually provide more with less.

At this time the administrative staff is developing a comprehensive and detailed report identifying a significant number of ways to cut costs or enhance revenues. While necessity is the mother of invention, “prosperity can only be achieved by innovation”. This will become our major goal.

The goal of this staff report, known as the Franklin Recovery Plan, is to identify no less than \$300,000 in cuts or new revenues to make the Village more resilient to the state of the economy and less dependent on outside sources such as the state or federal government.

We will succeed in this endeavor and further become a model community for others to emulate. The recent SEMCOG study demonstrates that to some extent we are already there. To quote a famous president, “the only fear we have is fear itself.” We will weather this economic storm and will come out of it stronger than before. I give you my personal guarantee of that effort. In the upcoming weeks, the Village staff and elected officials will be meeting collectively to establish a number of ways to reduce costs, increase

and stabilize revenues, improve efficiency and develop innovative and better ways of providing municipal services to the community.

Thank you

(Delivered at the May 18, 2009 Village Council Public Hearing regarding the 2009 – 2010 Village Budget)