

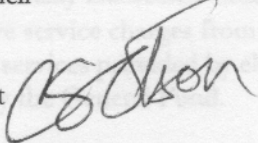
Christopher S. Olson, MPA

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231-546-4112/269-832-7199

DATE: October 27, 2014

TO: Honorable Village Council
Village of Elberta

FROM: Chris Olson, Consultant 

RE: Revised Deficit Elimination Plan (DEP)
Resolution for Approval of Plan and Authorization to transmit
to the Michigan Department of Treasury
Authorization to apply for Distressed City/Village/Township grant, as may
be applicable

Background

Incorporated into this report is a listing of actions recommended for the Village Council's approval, along with summarized and detailed fiscal projections for the General Fund, Parks Fund and Water Fund, and a resolution for the most current revision of the Deficit Elimination Plan (DEP). This is to be considered for approval by the Village Council, and if so approved, authorization to transmit it to the Michigan Department of Treasury for its review and consideration.

The attached is a result of significant effort by the Village to examine its financial status in light of the deficits in the respective funds. The Village has already undertaken many of the necessary actions, as follows:

- Clerk and Treasurer: compensable hours reduced from 32/40 per week to 16 per week.
- Reduction of Village Office Hours which are open to the public.
- DPW: reduction of staff from 2.0 FTE to 1.0 FTE, supplemented by seasonal workforce.
- Elimination of Employee Health Insurance and other benefits.
- Elimination of Spring Clean-up.
- Annual Increases of water customer fees.
- Sale of Village assets.
- Contracting out of Life Saving Station rental duties and marketing to private individual.
- Several policies and actions to create cost savings, accountability and organizational efficiencies as specified in the Village's Correction Action Plan, including vehicle fueling policies and procedures, time sheet revisions, and other policies and procedures.

These actions described above, along with several others, were part of reports previously provided to and approved by the Village Council earlier in 2014, and are incorporated into the Deficit Elimination Plan by reference. Prior to this report, the Village received a draft audit. The financial results of FY 2013-14 were incorporated within this latest DEP revision. Of concern is that the deficit increased substantially for a number of reasons, also previously reported to the Council. This has increased the Village's need to seek out new revenues, as the Village has essentially reduced all of its authorized services to a minimum.

The new actions that are proposed to support the attached plan are as follows:

- Increase of property taxes (proposed either for specific debt elimination or as a result of the proposed fire services having the net effect of "freeing up" general fund appropriations for debt reduction).
- Annual Increases of sewer customer fees along with the Water customer fees.
- Authorization to file for the Financially Distressed Cities, Villages and Townships grant program.
- Annual Increase of administrative service charges from other funds to the General Fund for management and administrative services provided by elected officials, appointed officials, and employees who are paid solely by the General Fund.

NOTE:

Depreciation expenses are included within the Sewer and Water Fund projected budgets. This will have the effect of developing cash balances for system repairs, replacements or expansion.

IMPACTS:

Should the plan be approved all the steps be taken, and barring any emergencies or unforeseen circumstances, the respective deficits in all of the described funds are eliminated within the five-year time frame.

RECOMMENDED ACTION:

After review, discussion and possible modification by the Council: to approve the attached resolution and Deficit Elimination Plan to comply with the Michigan Department of Treasury findings and eliminate the Village's deficits in its General, Parks and Water Funds.

Motion by: _____ Seconded by: _____

Vote: Gattrell _____ Manville, R _____
Holmes _____ Rommell _____
Jenks _____