

CITIZEN BUDGET ADVISORS

November 3, 2005

Minutes

Members Present - David Bulkowski, K.C. Caliendo, Kysha Frazier, Harold Hamilton, Brian Harris, Ed Kettle, Mary Milanowski, Dave Mossburger, Margaret Sellers Walker, Don Souter, Gordon VanHarn, Tom Wesholski, Don Williams and Mary Alice Williams.

Members Absent - Nancy Ayres, Sandra Borrero, Jim Dunlap, Birgit Klohs, Tamber Moore, Rebecca Smith-Hoffman and Jennifer VanderPloeg

Staff Present - City Manager Kurt Kimball, Deputy City Manager Eric DeLong, Assistants to the City Manager Greg Sundstrom, Victor Vasquez and Scott Buhrer, Human Resources Director MariBeth Jelks

Also Present - Facilitator Dale Ann Iverson and Recording Secretary Carol Gornowich

Facilitator, Dale Iverson, introduced herself. Advisor introductions followed.

Ms. Iverson explained that the role staff anticipates in these discussions is that of providing the Advisors with the information and assistance needed to do their job efficiently. Ms. Iverson explained that her role and the extent of her involvement will be determined by the group. Basically the intent is to put the process into their hands, develop a process of working and an agenda for doing so that has integrity. What is desired is a process that is inclusive, fair, efficient and productive.

City Manager, Kurt Kimball, expressed his appreciation for the Advisor's participation in this process; accepting the challenge and opportunity. He explained that each Advisor is present because a Member of the City Commission chose them; most did not seek out this opportunity but answered a call for assistance from the City. Mr. Kimball made the group aware that the meetings are open to the media. He spoke of the charge of the Advisors and provided background as to why they feel the group is important. Credit for the idea goes to Ms. Milanowski as well as Members of the City Commission. He feels it is a fine idea for a variety of reasons. One such reason is that the City has been serious about civic engagement, as evidenced by the work involved in developing the Master Plan. Difficult budget times require paying even more attention to citizen input. The most recent budget process generated good ideas and the desire is to build on that. Mr. Kimball read an introduction from the most recent issue of Public Management relating to citizen based budgeting and the idea behind the Citizen Budget Advisors group in Grand Rapids. Mr. Kimball explained that the upcoming budget is the 6th consecutive year to include cut backs and the tension is apparent as is the need for definitive decisions.

Mr. Kimball explained the Advisor's charge; 1) to become well equipped to do their work by gaining the knowledge the average citizen may not have about how the City does business, budgets and how the fund structure is set up, 2) design a mechanism for reaching out to the broader community for "community budget dialogue", 3) to return with

what the Advisors hear in the community, blended with their own perspectives, and provide recommendations to the Manager regarding service priorities, funding structure etc. which is to be used in preparing a responsible preliminary fiscal plan to be presented to the City Commission. Mr. Kimball explained that the challenge is not only about the budget for the coming year but establishing priorities for the future of the City, beyond FY07.

Advisor comments and questions were invited.

Ms. Milanowski feels the biggest hurdle the committee will face is the lack of trust within the community. The public will have to be comfortable with the fact that the Advisors are in place because they care and are present to genuinely listen to what is important to the citizen.

Mr. Williams noted that they will be addressing a very serious crisis for the City. To the best of his knowledge such a group has never been formed in times of financial security. The City is aware of where the problems lie and he questions the Advisors purpose; is it to take the brunt of the criticism when cuts are experienced? Will their recommendations truly be considered and implemented?

Mr. Kimball replied that in their work the Advisors need to discuss the City of the future, both in good times and bad and what the priorities are in both situations. The City Commission and City Administration are genuine in their belief that the more people are familiar with and care about the community the more value it provides when invited to participate in such a process. The City Commission has a genuine interest in including people they trust to assist both them and the City Manager in this challenge. The charge of the Advisor group is to provide recommendations to the City Manager. Those recommendations will be well known throughout the community and to the City Commission via the media. Mr. Kimball explained however that his responsibility is to provide his best recommendation to the City Commission. He vowed to take the Advisor recommendations seriously, blending them with the knowledge and information he possesses. He assured them that this is a genuine process.

Ms. Iverson feels the question of how the recommendations will be used is likely to be raised again during this process and may even shape the way the Advisor's make their recommendations. She encouraged the group to bring that concern forward again should it arise.

Mr. Kettle felt Mr. Williams made a good point. In his quick review of the preliminary agendas for the first four meetings it appears as though the Advisors will be provided with a lot of information. He asked where the objectivity is lost and where is the line crossed between education and indoctrination?

Mr. Kimball explained that the agendas were prepared as an outline for preliminary discussion purposes. The goal is to make each Advisor an informed person in order to do the job they are charged with. Ms. Iverson agreed indicating that it will be up to the group to determine how much information is necessary to them and how much the citizens need to know.

Mr. Kimball introduced his staff; Eric DeLong - Deputy City Manager/Public Works & Economic Development, Scott Buhner - Assistant City Manager/Chief Financial Officer, Victor Vasquez - Assistant City Manager/Neighborhood Services, Greg Sundstrom - Assistant City Manager/Administrative Services, MariBeth Jelks - Human Resources Director, and Jose Reyna - Assistant to the City Manager/Organizational Development, Strategic Planning and Special projects.

Scott Buhner described the contents of the binders provided. Mr. Buhner commented specifically on the current fiscal plan for FY06. He suggested the Advisors become familiar with the section following "Management Policies and Recommendations", specifically pages V - X, which describes why they believe the financial difficulties are structural in nature, and pages XXII - XXV, which identify some of the things staff believes need to be attended to. Mr. Buhner is convinced that if the City continues to try to provide the same level of service in the same manner as historically provided, they will be in a cutback situation every year. Mr. Buhner explained that the group will determine whether the four meetings identified by individual tabs are held. As those meetings are scheduled, staff will be available and provide the information and materials identified under those tabs for discussion.

Mr. Kettle asked that Mr. Buhner define structural financial difficulties.

Mr. Buhner explained that there are two categories of financial difficulty; structural and cyclical. Cyclical is the situation Michigan has historically experienced; periods of economic growth followed by economic downturn followed by economic growth. Structural is when revenues are engineered by State statute or are no longer capable of producing revenues that will grow at a pace the expenditures grow despite what the economy does. During the first few years of cut backs, it was approached as a need to ride out the storm. Mr. Buhner doesn't feel that is the case, he believes the revenues are bound to perform slower than the growth of expenditures.

Greg Sundstrom explained the "Citizen Communication Plan and Time Line" referring to the draft provided in the binder. Mr. Sundstrom explained that the communication plan and time line details are for the Advisor group to decide. He noted the City Commission retreat to be held on 12/06/05 inviting all Advisors to attend, particularly the lunch period that will include a discussion relating to this group and the process. The location of the retreat is the International Association of Fire Fighters Union Hall on Fuller NE. Mr. Sundstrom went through the chart emphasizing that this is only a proposed plan and the Advisors have the option of amending the plan with the exception of one item; deliberations must be complete and recommendations made to the Manager by 4/01/06. Mr. Sundstrom explained the Manager's recommendation/discussion process and time frame with the City Commission as the reason for that strict deadline. Mr. Sundstrom briefly outlined simultaneous efforts that will be taking place by the City Commission and by the Manager and City staff. He also commented on preliminary ideas for communication such as the GRIN network, development of a special web site, news releases providing updates on budget meetings and recommendations, radio call in shows and perhaps televised town hall meetings, depending on the benevolence of local broadcasters. The intent is to engage and communicate with citizens as much as possible with this group being the centerpiece of that action. Mr. Sundstrom invited questions on the draft communication plan.

Mr. VanHarn referred to the Manager's communication to the City Commission dated 9/29/05, wherein he indicates he will establish a group of citizen advisors to manage and oversee a process to seek citizen input concerning the City's finances. He related that he is a bit skeptical about a committee of 21 managing a process where it is the responsibility of all yet there is no assigned responsibility. He asked if the intent is that they determine how to manage themselves.

Mr. Sundstrom agreed, to the degree they feel comfortable. Staff is available to help as much as possible and to the degree the group wishes. He provided an example of the group's desire to hold five neighborhood meetings and staff being available to assist with the logistics.

Mr. VanHarn felt they could advise and provide suggestions but who will be charged with managing the group.

Mr. Harris replied that his understanding is that Ms. Iverson will do that for as long as they desire.

Ms. Iverson agreed that that precise question is one that should be considered this evening. The tension relates to how much process control the group desires to have, along with which comes responsibility. The group must be comfortable with the level of control they wish to have while maintaining their everyday lives, keeping in mind that staff is available to assist to the extent the group feels comfortable.

Ms. Sellers-Walker related that her initial reaction to the chart is that there is considerable overlap, which raises the concerns of consistent and accurate representations and at what point citizens lose interest. She asked the rationale for the overlap.

Mr. Kimball replied that with respect to the role of the City Commission, part of their responsibility as elected officials is to listen to the citizens and collect information. The hope of the City Commission is that someone other than City staff would be willing to determine how to reach the broader audience as well as determine the role of staff in the community dialogues; devise/design a systematic approach.

Mr. Sundstrom reiterated that the outline merely provides suggestions. If the group feels staff should be less involved that is a determination to be made. However, staff was sensitive to overburdening the group.

Mr. Wesholski interjected that that is a sensitive area as there are many busy people present and they are not in a position to prepare the budget for the City.

Mr. Williams indicated that his reaction to the chart is the impression of many more meetings than he was initially informed of.

Ms. Iverson expressed her understanding indicating that the group will have to design the process that works for them and make the determination as to how much information they need to be armed with, whether their presence is necessary at every community dialogue meeting or placing that responsibility on staff, etc. What the group can physically do is all that can be asked of them.

Ms. Milanowski feels that one important result of this process is that the citizens have trust in this group. She would like to see the group focus on how they can provide information to the citizens in a way that they will trust that they are receiving accurate information.

Ms. Iverson commented on Ms. Sellers-Walker's observation regarding overlap. Her understanding is that there is a desire for a deeper, different quality of input than has been received from citizens or similar processes in the past. When elected officials seek input they listen in a different way due to their position. A group such as this can develop a process for gathering input in an entirely different way. She suggested that if the group feels there is overlap or duplication of efforts in one area that they refrain from pursuing that avenue. The intent is to add to the input, not duplicate it.

Ms. Iverson suggested they turn the discussion to the planning. She summarized that what she has heard from staff to this point is that they are prepared to equip the group with the information necessary to be Citizen Budget Advisors/provide the group with the desired/necessary information. She has also heard that the charge of the group is to 1) obtain and then consider the citizen input generated by the process they design, 2) make recommendations to the City Manager and 3) accomplish these objectives within the time frame that insures that the City can meet the legal obligations it has.

Mr. Wesholski asked how big the budget is. Mr. Kimball replied that the total budget is approximately \$270,000,000. Mr. Wesholski felt their focus should be on the large numbers and not nickel/dime items of the budget.

Ms. Milanowski felt it important to understand what leads to the big numbers.

Ms. Iverson felt the discussion was turning more to how the recommendations would look. She suggested the discussion relating to the shape of the recommendations may be for a future meeting.

Mr. Harris stated that as he considers the function of this group between now and the next meeting it causes him to wonder what the shape of the recommendations will be. Up to this point he was thinking of the larger recommendations; things that are essential to the City, what the City is to look like into the future and what the priorities are to achieve that vision. That is more of a subjective recommendation that staff would then turn into objectives.

Ms. Iverson feels the group has a clear sense that they have been charged with making recommendations to the City Manager and there appears to be a desire to move into the discussion of what those recommendations should look like.

Ms. Williams agreed that she has the same understanding of their charge and the role of staff at this point. She feels the staff role is their first hurdle to overcome. Each member of the group is likely of a different opinion as to what they will need to be equipped. Many likely have well formed opinions or biases and good ideas; some based on years of history and analysis of the situation and others are present to learn. Everything in the budget is critical to understand and it makes sense that that would be staff's approach. She imagines that some present desire an opportunity to give input as well as obtain it

from the general citizenry. She asked whether their role is to determine where the cuts can be made or to come to some consensus perhaps around principles to consider.

Ms. Iverson is hearing that everyone in the room would approach the task in a different way. She suggests that they work in a way that allows everyone to feel as prepared as they can be, in whatever way is important to them, to arrive at a consensus that meets the needs of the group. There may be times when members of the group sit through information they don't necessarily want to hear and don't find important but it will be necessary to strike a balance.

Ms. Iverson again noted her observation that many want to get to the topic of the shape of the recommendations. Chronologically, the recommendations are the last thing that will be done. However, what she is hearing is that if the group doesn't have a sense of what the recommendations should look like then how do they know what information they need to know. With the proposed agendas, the group will likely need to re-answer that question at nearly every meeting; everyone will be searching for what those recommendations will be. She suggested they work to answer that over time.

Mr. Harris provided the analogy of going on a trip and the need to know the destination in order to properly prepare for that trip. He would be interested in the shape of the recommendations at this point and not the answers. Mr. Harris asked Mr. Kimball how much he needs to know from the group to prepare the budget.

Ms. Iverson suggested, in the interest of time, that they discuss the content of the following agendas and when to hold the next meeting(s).

Mr. Souter indicated he would like some time to digest the information contained in the binder. He suggested that everyone come to the next meeting prepared with questions they would like answered or communicate those questions to staff prior to the next meeting.

Mr. Williams noted the budget of \$270,000,000 and suggested there are likely things that cannot be changed.

Mr. Kimball advised that the General Fund is the most challenging. The items contained within the General Fund are the things at stake in terms of cuts. Mr. Buhner added that police and fire services are paid for mainly through this fund.

Mr. Wesholski was of the impression they would spend some time looking at the major components of income and expenses and have some input there. Based on the time line presented this evening they have only a few months. Those in Administration have been working on this for years. He suggested staff provide a summary of what comprises the income and expenses.

Mr. VanHarn feels they need some common understanding of whether there should be one report or ten reports.

Ms. Iverson agreed that is key; there is a need to determine the commitment, how they will arrive at it and whether everyone bound to stick with it; those are the types of things the group will have to agree upon. She suggested that they work together on a list of

issues they feel are important as they move forward. Ms. Iverson presented a basic list she prepared prior to the meeting:

1. Background information needed to make recommendations/getting equipped.
2. Establishing guidelines for working together.
3. Developing a meeting schedule keeping in mind the time constraints/deadlines.
4. Developing an agenda for the next meeting.
5. How the group will be organized and how later meetings will be conducted; will there be a Chair appointed/will they continue to work with the facilitator?
6. Develop a process for obtaining citizen input.
7. How will recommendations to the Manager be developed/decision making process.
8. Policies, understanding that there is external communication and how the group feels about speaking with the media; whether they will appoint a spokesperson or comment individually.

Ms. Iverson suggested in terms of scheduling the next meeting that she review the questionnaires that have been submitted and email the group as to mutually agreeable times. She asked whether there was a desire to continue her services; have a facilitator at the next meeting.

The group agreed that was necessary.

Ms. Iverson asked if the City could be prepared with a range of information to present following a discussion regarding the shape of the recommendations. Staff agreed.

Ms. Milanowski indicated she is interested in an explanation of the Enterprise funds/the fund structure.

Ms. Iverson indicated that she also began a list of information that staff proposes providing. She suggested they expand on that at this meeting. The list was presented as she prepared and expanded upon.

1. City services and a financial overview.
2. An overview of the City budget.
3. Previous citizen engagement efforts of the past.

Mr. Harris felt the third item would be a good place to begin the next meeting followed by the administrative aspects of the group such as confidentiality, guidelines, agendas, etc. and conclude the meeting with staff providing as much information as requested and as time allows.

Ms. Iverson invited the group to email her with any comments or input they may have.

Mr. Bulkowski requested a historical perspective on City services; what the major landmarks were.

Mr. Williams expressed an interest in city staffing numbers over the last 10-15 years as well as the historical aspect of management.

Ms. Frazier felt that some information regarding the trends in revenue and expenses and the highs and lows over the last 20 years would be helpful. Mr. Wesholski suggested linking staffing numbers to those trends.

An interest in population numbers was also expressed.

Meeting Adjourned: 8:10 p.m.