

Minutes
Huron-Clinton Metropolitan Authority
Board of Commissioners – Work Session
Thursday, December 13, 2018

A work session of the Huron-Clinton Metropolitan Authority's Board of Commissioners' was held on Thursday, Dec. 13, 2018 at 9:30 am at the Administrative Office.

Commissioners Present:	Timothy J. McCarthy Robert W. Marans Jaye Quadrozzi Bernard Parker Kurt L. Heise
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Commissioners Absent:	Steve Williams John Paul Rea
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Staff Officers:	
Director	Amy McMillan
Deputy Director	David Kirbach
Chief of Finance	Rebecca Franchock

Other Attendees:	
Miller Canfield	Steve Mann

1. Call to Order

Chairman McCarthy called the work session to order at 9:30 a.m.

2. Public Participation

None.

3. Get Out and Play Program Funding

Discussion: Director McMillan said the Get Out and Learn and Summer Fun programs were fully funded in the 2019 budget. Chief of Interpretive Services Jennifer Jaworski said reviewed both programs, which included interpretive goals, funding and demographics.

Commissioner Marans said he supported the programs and would like to see items from the sustainability plan incorporated into these programs.

Commissioner Parker asked if staff surveyed the children that participated and not just school or organization staff. Ms. Jaworski said evaluations were done after the programs.

Commissioner Parker asked that surveys be done with the children and not just educators for 2019.

Commissioner Heise asked how staff were able to get seniors involved and the criteria for participation. Ms. Jaworski said staff does a lot of outreach to senior centers and religious organizations.

Commissioner Marans asked if the organizations were returning year-after-year and if staff kept data. Ms. Jaworski said yes, staff has a database and it continues to grow.

4. **Draft Financial Policy**

Discussion: Chief Financial Officer Rebecca Franchock reviewed the draft financial policy changes. She said there are eight sections in the financial policy and that language for the fund balance and capitalization/depreciation sections needs to be updated. Ms. Franchock reviewed the process staff would use to update the financial policy, which would take place over the course of several months with staff bringing a final policy to the Board for approval in late summer. She also reviewed the proposed target levels for the fund balance – 25 percent for a low goal and 30 percent for a high goal. Ms. McMillan explained the “budgeted vs. actual use of fund balance” chart and said it was a tool to help everyone better understand the use of fund balance.

Ms. Franchock reviewed budgeting and multi-year projects and the reasoning for creating the capital funds project account. She said the general fund will still be the source of funding for capital projects; however, by moving those funds one time and then keeping them in the capital project fund account, the budgeted use of fund balance and the actual use of fund balance will no longer be completely different pictures. The level of funding may level off as funding may be banked in the capital project fund as future needs are recognized through the development of multi-year planning.

Commissioner Marans asked if there would be a general and committed fund. Commissioner McCarthy replied the general fund reflects operational costs and the capital projects fund reflects project funding and that it will make comparing operation budget more logical over time.

Commissioner Parker said he agrees with the separate funds and asked if funds could be transferred out of the capital funds project if needed. Ms. Franchock said the Board could approve transferring funds whenever it is needed.

Commissioner Parker said he wanted a sentence in the financial policy stating that funds can be transferred in and out of the Capital Project Fund.

Commissioner Quadrozzi asked what was the year one funding. Ms. Franchock said \$4.1 million.

Commissioner Heise asked if current and new projects would be included in the capital projects fund. Ms. Franchock said yes.

Commissioner Heise asked if the auditors were good with this change. Ms. Franchock said yes.

Commissioner Parker said he was not clear on what the policy for funding was going to be for the Fund balance. Ms. Franchock said the target was 25 – 30 percent of overall revenue.

Commissioner McCarthy said the 25 – 30 percent of revenue for the fund balance was more like a goal; under 25 percent, requires Board discussion and needs work; over 30 percent requires Board discussion on transferring out of the Capital Projects Fund for investing.

Ms. McMillan said this amount was for the unassigned fund balance and not the committed fund balance.

Commissioner Quadrozzi said she was glad to see a peer review was done to see what other agencies do regarding a fund balance.

Commissioner Heise asked if the auditors recommended this change. Ms. Franchock said the Government Finance Officers Association (GFOA) recommends a range of 17-30 percent.

Commissioner McCarthy said the auditors can't tell us what the fund balance should be, just the process.

Commissioner Parker asked what the fund balance would be used for. He said he wanted it used for specific projects and not for used or operations. Mr. Parker said \$2.5 million was coming out of the fund balance this year for operations and he does think that is the proper use of the fund balance.

Commissioner McCarthy said the unassigned fund balance is the general fund balance and that the Metroparks may never have the entire fund balance assigned to a project. Mr. McCarthy said the 25-30 percent is essentially the working capital and is a cushion. Based on how things are budgeted, there may be some additions or reductions in operations. It's all controlled by the commissioners' when approving the budget.

Commissioner McCarthy said budget discussions would drive the fund balance and how it's used.

Commissioner Parker said if we (the Metroparks) kept using the fund balance and there is another emergency such as what happened in 2008 and 2009, there wouldn't be anything to fall back on. He said he does not agree with using the fund balance for operations.

Commissioner McCarthy said that is why the threshold is 25 percent, which is a decent number

Commissioner Parker said we are at \$18 million right now, and taking \$2.5 million out next year, which leaves \$2.5 million before we reach the bottom and then don't have anything if there is an emergency. He said he believes the fund balance should be used for special projects or if there is budgetary emergency.

Commissioner McCarthy said that's why there are triggers, which will need to be monitored and that staff will come to the Board before it becomes an emergency. It gives the Board and staff a range for when something does come up. Between monitoring current operations and annual budgets, we will be addressing issues in advance as opposed to when the emergency happens.

Commissioner Parker said he doesn't agree with using fund balance for operations.

5. 2019 Designated Fund Balance

Discussion: Ms. Franchock reviewed the 2019 fund balance designations for non-spendable, restricted, committed, assigned and unassigned.

Commissioner Heise said he was concerned with the timing. Ms. McMillan explained what the commissioners would be approving today. Ms. Franchock said the Board approved the Capital Project Fund in October and the draft financial policy reflects the changes.

Commissioner McCarthy asked what the \$2.6 million was for in the assigned fund balance. Ms. Franchock said it was for operations and the Capital Project Fund.

Commissioner McCarthy said the \$2.6 million was a net number and the Metroparks would be operating on the plus side, Ms. Franchock said yes.

6. Collaboration with City of Detroit Parks and Recreation

Discussion: Ms. McMillan updated the Board on meetings held with the city of Detroit, Mayor Mike Duggan and the Detroit Riverfront Conservancy. She said \$35,000 was set aside in the 2019 budget for a park rehabilitation project with the city of Detroit.

Ryan Colliton, chief of natural resources and environmental compliance updated the Board on site visits to three locations in Detroit and the possible efforts the Metroparks could do to improve one of the sites.

Commissioner Heise asked what amount was budgeted. Ms. McMillan said \$35,000.

Commissioner Heise said when he was with the county they used agreements with the neighbors for the upkeep of the parks. Ms. McMillan said staff was looking into adopt-a-park and good faith agreements.

Commissioner Quadrozzi said she doesn't know how the Metroparks can commit funding for another agency's parks and we need the money for our parks. Ms. McMillan said stewardship and building relationships makes the Metroparks good neighbors.

Commissioner McCarthy said it is not a long-term commitment.

Commissioner Quadrozzi said this funding could be used to bus people to the Metroparks.

Commissioner Marans asked if there would be any signage at the park letting people know the Metroparks were involved with the rehabilitation. Ms. McMillan said yes, signage would be part of the agreement.

Commissioner Parker said it's important that signage is in the parks.

Commissioner Heise said it's important to have an agreement outlining who is responsible for maintaining the park.

7. Motion to Adjourn

Motion by Commissioner Quadrozzi, support from Commissioner Parker that the Board of Commissioners' adjourn the work session.

Motion carried unanimously.

The work session adjourned at 10:38 a.m.

Respectfully submitted,



Shawn M. Athayde
Recording Secretary