

REGULAR COUNCIL MEETING MINUTES - MONDAY, MAY 1, 2000 - PAGE 1

Present: President Craig; President Pro-Tem Kennedy; Members: Downey, Munguia, Pfeifer, Stearn and Walsh

Absent: None

Also Present: Village Manager, Hanlin
Public Services Director, Spallasso
Assistant to the Manager, Pasioka
Village Clerk, Marshall
Village Finance Director, Wiszowaty
Village Attorney, Ryan
Director of Public Safety, Woodard

Craig called the meeting to order at 7:45 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

MOTION by Pfeifer, supported by Walsh, to amend the order of the agenda to schedule the public hearing on the budget after the presentation of the budget document.

Motion passes unanimously.

APPROVE MINUTES OF A JOINT COUNCIL MEETING AND FINANCE COMMITTEE MEETING HELD APRIL 10, 2000

On page 6, fourth paragraph from bottom of page, amend first sentence to read: "Pfeifer commented that she would be willing to prepare a synopsis of the library study and would provide a copy to Downey."

MOTION by Kennedy, supported by Walsh, that the minutes of a joint meeting of the Council and Finance Committee be approved as amended.

Motion passes unanimously.

APPROVE MINUTES OF A REGULAR COUNCIL MEETING HELD ON MONDAY, APRIL 17, 2000

On page 5, second paragraph, line 3, change word "of" to "and" to read "Michigan Court of Appeals *and* the Michigan Supreme Court...".

MOTION by Kennedy, supported by Walsh, to approve the minutes of a regular Council meeting held on April 17, 2000 as amended.

Motion passes unanimously.

PUBLIC COMMENTS ON ITEMS NOT ON THE PUBLISHED AGENDA

Patricia Greening of 19289 Riverside Drive, member of the Parks and Recreation Board, commented that her husband, Don Greening, worked with a group of Boy Scouts from Troop 1024 from Beverly School to install pipe to divert water from the artesian well in the center of Beverly Park to the pond. Vandals have dug up and damaged the pipe. She conveyed the message that the park belongs to all Village residents and people should not mistreat the park.

Greening was not present at the last Parks and Recreation Board meeting but understands that there was a discussion about removing 25 feet of fence on either side of the park entrance to demonstrate that the board is moving ahead with the project to construct a new gate and entranceway. It was suggested that this be done at the Annual Park Clean Up on May 13. She is opposed to removing the fence on the basis that it will create a hazard for pedestrians and motorists and asked Council not to authorize the removal of fencing at this time.

Greening stated that she would like to see fencing around the entire park. She objects to the manner in which some people whose property abut the park are encroaching onto park property or using the park as a dumping ground.

Frank Worrell of 32123 Bellvine Trail mentioned that Council recognized Bill Pfeifer at its last meeting for his service to the Village. Worrell expressed his thanks and appreciation for the years Pfeifer served on the Zoning Board of Appeals. Former Council member Worrell remembers Pfeifer attending Council meetings and offering constructive criticism to the Council or its individual members. He believes that the remarks made by Pfeifer made them better Council people.

Worrell asked that soft spoken Council members speak louder and directly into the microphones so that people watching the meeting on cable television can hear them.

Jim McCook of 19370 Riverside stated that the Beverly Hills Public Safety Department can be proud of its web site. He noted that the names of the Council members have not been updated since the March election. McCook stated that the City of Birmingham includes minutes of its commission and planning board meetings on its web site. He suggests that Beverly Hills post minutes of Council, Planning Board, and perhaps Parks and Recreation Board meetings on a Village web site.

PRESENTATION AND PUBLIC HEARING ON INCREASING PROPERTY TAXES (TRUTH IN TAXATION) and PRESENTATION AND PUBLIC HEARING ON PROPOSED 2000/2001 GENERAL FUND, MAJOR AND LOCAL ROADS, DEBT SERVICE, AND WATER AND SEWER OPERATING FUND BUDGETS

Wisowaty summarized significant revenue changes from the previous year in the proposed 2000/01 General Fund budget. Projected revenues will increase by 1.31% from the 1999/2000 fiscal year. Property tax revenue will increase by \$95,000 or 2.44%. Interest on investments will increase by approximately \$10,000 due to rising interest rates. The Village anticipates a slight decrease in state revenue sharing in the amount of approximately \$12,000. The proposed budget does not include a transfer from the General Fund balance. General Fund revenue will be \$5,614,476 or a decrease of \$74,000 from the preceding year.

Wisowaty referred to an exhibit displayed on an overhead projector that represents a summary of the revenues that come into the General Fund. Property taxes projected at \$3.9 million represent 71% of the Village's income. State revenue sharing is 18.23%, or just over \$1 million. Other items in the revenue category include interest on investments, cable, district court fines, charges for services from other funds, and engineering. Another display showed that increases in revenue over the previous year total \$115,000. Decreases for the year are \$189,000, which is a net decrease of approximately \$74,000.

The General Fund balance at the start of the current fiscal year was \$1.5 million. The current activity for 1999/2000 is projected to reduce that fund balance by \$519,000. The projected fund balance for the end of the current fiscal year is just over \$1 million, which is 19.14% of budgeted expenditures.

The Village's taxable value has increased from \$401,559,644 to \$424,054,904 or an increase of 5.6% from the preceding year, even though the CPI increase was only 1.9%. That is an increase of \$22,495,000. The increase in taxable value has an affect on the millage cap as far as the Headlee Amendment. The current fiscal year millage cap in 1999/2000 is 10.7012 mills. As a result of the taxable value going up by 5.6%, the Village's 11 mill cap is reduced to 10.4005 mills in 2000/01. That is the maximum that can be assessed against the Charter cap.

The proposed General Fund operating millage rate for fiscal year 2000/2001 is 9.400 mills as compared to 9.6897 in the previous year, or a reduction of 0.2897 mills. One mill will be allocated to the Local Road Fund. A total General Fund millage of 10.4 mills will be levied against a millage cap of 10.4005 mills.

The dedicated millage, which the voters approved for infrastructure projects, will be reduced from 1.9467 to 1.9055 this year as a result of Headlee. The CSO debt will go down from 0.9625 mills to 0.8896 mills, a reduction of .07 mills.

The 1999/2000 total millage rate was 13.5989 mills. The proposed millage rate for 2000/01 is 13.1951 mills or a reduction of 0.4038 mills compared to the previous year. This will mean a reduction in taxes of \$46.03 on a home in Beverly Hills valued at \$228,000 if the taxable value remains the same.

Wisowaty outlined the requirements of the Truth in Taxation Act. The Truth in Taxation Act of the State of Michigan requires that a public hearing be held if a local government intends to levy a millage rate that will generate more property tax revenue than it received in the previous year. This year the taxable value on which the Village property revenue is based will increase by 5.6% from last year to \$426 million. The Headlee Amendment limits revenue from property assessment increases. If the assessed value of a local unit=s taxable property, excluding new construction and improvements, increases by more than the inflation rate (which is 1.9% this year in the State of Michigan), the maximum authorized property tax rate must be reduced so that the total taxable property yields the same gross revenue adjusted for inflation as collected on that property at its prior assessed value.

Even though the Village's millage rate is decreasing slightly in 2000/01, Beverly Hills is generating additional revenue this year due to the increase in taxable value. The General Fund will receive \$95,000 more revenue than the previous year. With a one mill transfer to the Local Road Fund, the Local Road Fund revenue will increase by \$22,000 as compared to the previous year. The total increase in revenue from the previous year will be \$117,000. A public hearing will be held to inform residents that the Village is going to collect more property taxes than it did in the year before as a result of the 5.6% increase in the taxable value.

Craig opened the public hearing at 8:07 p.m. for the Truth-In-Taxation public hearing. No one wished to be heard; therefore, the public hearing was closed at 8:08 p.m.

Craig offered some background on this year's budget process. Council went to the voters in March requesting a millage cap increase to fund capital projects that have been identified and to maintain the current level of services in the Village. That ballot proposal failed.

As part of drafting the budget, the Village Manager asked each department head to submit a budget. She reviewed those figures and cut a total of \$307,678 from the budget that was presented to her. The proposed budget was presented to the Finance Committee, discussed at a joint meeting of the Finance Committee and Council, and reviewed further at a work session following the last Council meeting. Additional cuts were made and some items were added back into the budget as a result of those meetings.

Craig stated that the Village is levying the maximum amount under the Charter cap, less 0.005 mill. This budget proposes doing some of the things that were outlined in the Five Year Financial Plan for the Village. Implementing some of those capital programs will deplete fund balances in the amount of about \$800,000. The General Fund balance will be down by \$300,000 at the end of the year. The Major Road fund will be reduced by \$200,000 and the Local Road Fund by \$150,000. The Water and Sewer Fund will decrease by \$200,000 and maybe more.

Craig reiterated that this Council worked in concert with administration, the Finance Committee and the Infrastructure Committee on a Five Year Capital Improvement Plan. The items presented to the voters are essential and include the need to reinvest in deteriorating water mains, a ditch program, and fire truck replacement. Council will start to adopt that five year plan despite the failure of the millage cap increase. The Village will be able to operate under the current millage cap and provide the current level of services for only one or two more years. It is proposed with this budget to levy the maximum millage allowed and to spend some of the fund balances. Craig remarked that Council has been chastised by people for asking for tax dollars when there was money available in the fund balances.

Hanlin stated that her presentation will focus on the services provided to Village residents using tax dollars. She will break down costs by department and provide a general explanation of what services, personnel, and equipment are funded in each of the departments. She will also indicate the percentage of each department compared to the entire General Fund budget.

The Village government affects the quality of a resident's everyday life, providing the most basic of services. It is the organization that is dedicated to protecting families and insuring the continued high value of their homes. Hanlin thinks that the Village does a good job of providing high quality services with a minimum number of people.

A chart was displayed showing how many residents Beverly Hills has per employee. Beverly Hills is at the bottom of a chart comparing surrounding communities, showing that there is one Village employee for every 253 residents. The Village has been able to accomplish this in large part due to contracting out its public services department.

Hanlin stated that the Village is a service organization with 63% of its budget going towards employment costs. It impacts the budget significantly when a large increase in health care costs is projected as it is this year.

Hanlin referred to a pie chart that breaks down the costs by department. Each segment represents a department or a group of departments that are bundled together by function. The Public Safety Department is the biggest single section of the budget comprising 56.5% of the General Fund budget or \$3,173,073. The Village provides comprehensive police and fire services. The department consists of 35 employees, three fire trucks, and 13 patrol and support vehicles. In 1999 this department responded to 890 incidents, 354 of which were traffic accidents. The Department's average response time to any home in the Village is 2.82 minutes. Beverly Hills can be proud of the fact that it is annually cited as one of the safest communities in metropolitan Detroit.

7.9% of the budget is allocated to library services (\$443,873). This provides for a library card at the Baldwin Public Library for every resident in the Village. The approximate cost is \$40 per resident per year.

11.4% of the General Fund budget is allocated as operational services (\$640,893). This provides the salaries of the general administration people: Village Manager, assistant to the manager, secretary to the manager, clerk, attorney, public services director, finance director, treasurer, two finance clerks, professional planner, building official and building clerk.

2.5% of this year's budget is allocated to community service and maintenance activities (\$138,075). This includes the funding and support of events such as the Winter Family Fun Day, Halloween Hoot, and the Birmingham fireworks. This fund pays for the maintenance of the park and Village owned properties.

7.9% of the proposed budget will be dedicated to general administration (\$443,922). This account supports activities and personnel in the General Fund. A partial list includes funding of three part-time clerical employees, the services of the labor attorney and the professional auditor. General liability for the Village is purchased out of this account, and all the fringe benefits such as health care, worker's comp, and social security are paid out of this account.

3.7% of this year' budget is allocated towards capital projects (\$207,391). Hanlin remarked that this account reflects the status quo nature of this budget. Capital projects spending is down 28% from last year' expenditures. The Village is taking care of business. Two public safety vehicles that are high in mileage will be replaced. The Village hall will be wired to take advantage of Internet services that are being offered through the cable company and the County. Public Safety Department gear will be purchased. Finally, \$23,000 will go towards improvements in Beverly Park.

Hanlin talked about public services and touched on where the money comes from and how it legally can be spent. She indicated that 10.1% of the General Fund budget is allocated to public services (\$567,249). The primary use of this money is for collection and removal of trash. The cost of street lights, holiday tree chipping, island landscaping, and maintenance of the Rouge River is paid for from this account.

Hanlin stated that there are a total of six accounts that fund public works. She talked about these funds and how they are interrelated. The Major and Local Road Funds both receive primary money from State gas and weight taxes. It has been the policy of Council to transfer money from tax dollars to this fund to bolster activities in this account. The Major and Local Road Funds have restrictions because money is received from the State. The Village can only spend that money on road projects and cannot fund capital equipment or personnel.

The Water and Sewer Fund is an enterprise fund because it is supported by user fees. The dedicated millage represents direct tax dollars that were voted on by Village residents in 1997. Hanlin commented that all of these public service accounts are interrelated and overlapping to some degree.

The debt service account is also part of the public works concept. These are debts that the Village is obligated to pay. The Village' debt service consists of five projects. The CSO retention basin was a voted project and is funded from tax dollars. The Garfield Drain, the North Arm Relief Drain, the Evergreen-Farmington Sewage Disposal System, and the Evergreen-Farmington Sewer Meter are all funded from Water and Sewer fees.

Hanlin related that State law regulates how much debt a community can take on, which is 10% of the assessed real property value in the Village. As of 12/31/99, the net direct debt for the Village of Beverly Hills was 1.05%. That means that the Village could incur 9% more debt. Hanlin believes that this illustrates that the prevailing philosophy of the Village has been "pay as you go." A positive result is that the Village is not left with serious amounts of debt. On the other side of the equation, the question remains whether there are projects left undone. Hanlin believes that this is our challenge for the Village of Beverly Hills for the years to come.

Hanlin summarized that she has tried to explain how the Village spends its tax dollars. Beverly Hills is a unique community; it is the largest village in the state. It has staffing numbers that are low primarily because the Village has taken advantage of privatization. Despite its lean staffing, Beverly Hills is able to provide outstanding public safety services. She noted that there has been a significant cut back in capital projects this year. The Village is in a holding pattern, just taking care of immediate needs. The Village's public services budgets are complex and overlapping and there are many restrictions on Council and administration that are placed on the various funds in terms on

how the money can be spent. In conclusion, the “pay as you go” philosophy that has prevailed for many years in this Village has left Beverly Hills without a lot of debt. Our challenge is how to strike the proper balance in the future.

Pfeifer thanked Wiszowaty and Hanlin for a well thought out approach to the budget presentation. Craig opened the public hearing at 8:30 p.m. on the budget as it has been presented.

Jim McCook of 19370 Riverside expressed the opinion that the chart indicating how many residents the Village has per employee should not be used on the basis that the comparisons are misleading and not meaningful. It makes comparisons to communities that have their own public works departments.

Janet Mooney of 19111 Devonshire asked a question about the fund balance in the Water and Sewer fund which was answered by Wiszowaty.

Sharon Tischler of 21415 Virmar Court stated that she appreciates the fact that Council took the time to listen to comments from residents who attended the budget study sessions. She asked Council to keep those comments in mind. The question was raised as to the Finance Committee’s role in the budget process. An explanation was given that a presentation is made by administration to the Finance Committee, but that committee members do not scrutinize the line items and review the numbers. Tischler mentioned that resident Norman Rubin advised against building in a percentage increase for line items without examining those line items.

No one else wished to be heard; therefore the public hearing was closed at 8:35 p.m.

Kennedy stated that she appreciates the effort that was put into the explanation of how tax dollars are being spent. In response to a comment from the public, she stated that the Village pays people consigned by the County to perform public service work through a contract.

Kennedy referred to a comment about the Finance Committee’s review of the budget. Kennedy stated that she has had questions on individual line items from members of the Finance Committee. She added that this Council has looked at every line item. Council does not automatically carry over a budget amount for each line item.

Stearn referred to a memo Council received from Renzo Spallasso dated April 27, 2000 on the subject of 14 Mile Road Improvements and Acacia Relief Sewer. Spallasso is asking Council to commit \$354,000 of Water and Sewer Operating Fund money for sewer work. Stearn questioned how this impacts the proposed budget.

Spallasso stated that it would come out of the fund balance of the Water and Sewer Operating Fund and would be repaid with millage money when that money is collected in 12 to 2 years.

It was explained that Fourteen Mile Road will be reconstructed by the Oakland County Road Commission in 2001. While the road is being improved, it has been suggested that the Village

should appropriate funds to install sewer pipes under the new pavement as part of that road project to avoid having the road dug up again in a few years for the Acacia Interceptor Relief Sewer project. The County is waiting for direction from Beverly Hills so it can proceed with the design of the sewer portion of the 14 Mile Road improvement project.

Council discussed whether to borrow \$354,000 from the Water and Sewer Fund to install pipes under 14 Mile Road. The effect of this action on the proposed water main replacement program for this year was addressed. The current and projected balance in this fund was discussed considering a possible increase in water rates. Since this allocation will not modify the budget proposed for adoption, Council deferred further debate on this item until later in the meeting.

RESOLUTION TO ADOPT 2000/01 FISCAL YEAR VILLAGE OF BEVERLY HILLS BUDGET

RESOLVED by Pfeifer, supported by Kennedy, to adopt the following resolution.

RESOLUTION TO ADOPT THE 2000/2001 FISCAL YEAR VILLAGE OF BEVERLY HILLS BUDGET

Whereas, the Village Council of Beverly Hills conducted a public hearing on the proposed 2000/2001 Fiscal Year Budget on May 1, 2000, and

Whereas, public comments have been heard and considered.

Therefore, be it resolved that the 2000/2001 Fiscal Year Budget for the General Fund, Major Road Fund, Local Road Fund, Debt Service Fund, and Water and Sewer Operating Fund in the following amounts be hereby adopted:

FUND NAME	REVENUES	APPROPRIATIONS
General Fund	\$5,614,476.00	\$5,614,476.00
Major Road Fund	602,670.00	602,670.00
Local Road Fund	777,249.00	777,249.00
Debt Service Funds	510,481.00	510,481.00
Water & Sewer Operating Fund	2,162,720.00	2,162,720.00

Roll Call Vote:
Resolution passes unanimously.

RESOLUTION TO APPROPRIATE FUNDS FOR THE 2000/01 FISCAL YEAR VILLAGE OF BEVERLY HILLS BUDGET

RESOLVED by Pfeifer, supported by Walsh, to adopt the following resolution.

RESOLUTION TO APPROPRIATE FUNDS FOR THE 2000/2001

BEVERLY HILLS BUDGET

The Village Council of Beverly Hills has adopted its annual budget for its fiscal year beginning July 1, 2000 in accordance with State law and the Charter, and

The Village Council is also required to adopt an appropriations act to provide the authority to incur obligations and expend public funds.

THEREFORE, BE IT RESOLVED THAT the adopted budget for the fiscal year beginning July 1, 2000 and ending June 30, 2001 shall establish the approved appropriation levels for the said fiscal year.

BE IT FURTHER RESOLVED THAT the Village Council does hereby authorize the Village Manager to execute transfers between appropriations provided that each transfer be approved by the Village Council prior to its execution.

BE IT FURTHER RESOLVED THAT the Village Council retains authority to amend the Village budget and this appropriations act at such times when deviations from the projected revenues and authorized expenditure levels become necessary and the amount of the deviations becomes known.

Roll Call Vote:
Resolution passes unanimously.

RESOLUTION TO ADOPT THE 2000 VILLAGE OF BEVERLY HILLS MILLAGE RATE

MOTION by Pfeifer, supported by Downey, to adopt the following resolution.

RESOLUTION TO ADOPT THE 2000 VILLAGE OF BEVERLY HILLS BASE TAX RATE PLUS ADDITIONAL MILLAGE TO RETIRE DEBT

The Village Council on May 1, 2000 adopted the 2000/2001 Village Budget, and

The Village Council must adopt a millage rate to be spread on the Village tax roll for 2000, and

Public Act 5 of 1982 does not apply to levying for Debt Service, and

The proposed 10.4000 mills for operating purposes for the General Fund and the Local Road Fund do not exceed the 11.00 mills maximum approved by the voters at the March 13, 1995 election.

THEREFORE, BE IT RESOLVED THAT the Village Council does hereby approve the total 2000 millage rate for the Village at 13.1951 mills and the 13.1951 millage rate is to be spread as follows:

General Fund.....	9.4000 mills
Road Fund.....	1.0000 mills

CSO Debt	0.8896 mills
Dedicated Millage.....	1.9055 mills
Total Millage Rate	13.1951 mills

Roll Call Vote:
 Resolution passes unanimously.

RESOLUTION TO ADOPT THE REVISED RATE SCHEDULE FOR WATER CONSUMPTION AND SEWAGE DISPOSAL

RESOLVED by Pfeifer, supported by Downey, to adopt the following resolution.

RESOLUTION ESTABLISHING WATER & SEWER RATES

Each premises within the Village connected to the water and/or sanitary sewer system shall pay a consumption charge based upon the amount of water used as shown by the water meter installed in each premises as follows:

Water Consumption	\$	10.05 per 1000 cu ft
Sanitary Sewer O.M. & R		20.79 per 1000 cu ft
Sanitary Sewer Debt Service		<u>2.22</u> per 1000 cu ft
Total	\$	33.06

Sanitary Industrial Waste Control Charge

<u>Meter Size</u>	<u>Monthly</u> <u>S.O.C.S.D.S.</u>	<u>Quarterly</u> <u>Evergreen/Farmington</u>
5/8"	\$ 3.80	\$ 11.40
3/4"	5.70	17.10
1"	9.50	28.50
1-1/2"	20.90	62.70
2"	30.40	91.20
3"	55.10	165.30
4"	76.00	228.00
6"	114.00	342.00
8"	190.00	570.00
10"	266.00	798.00
12"	304.00	912.00

Residential Meter Charge

Quarterly meter charge (up to one inch)	\$	6.00
Quarterly meter charge 2"		9.00

Quarterly meter charge 3"	12.00
Quarterly meter charge 4"	15.00

Minimum Charge

Minimum charge per 1000 cu ft per quarter for water, sewer OMR, sewer debt and meter charge is:
One inch meter or less \$ 39.06

Sewer Only

All sewer-only customers per quarter	\$ 74.38 OMR
	<u>7.95</u> Debt Service
	\$ 82.33

Effective with all bills mailed after July 1, 2000 and thereafter until changed.

Wisowaty explained that 75%-80% of the 11.54% increase reflects an accounting change proposed in the June 30, 1999 audit. The Village auditors recommend that the Acacia Park Combined Sewer Overflow facility constructed in 1995 at a cost of \$5 million be recorded as an asset of the Water and Sewer Fund, and the Village should depreciate the cost. Depreciation expense is anticipated to go from \$80,000 to \$248,000. That \$248,000 is the amount of money that is reserved for replacement.

Craig stated that the auditors have been telling the Village that it is not depreciating its assets correctly, and that Beverly Hills is not building up its savings account enough to start repairing or replacing infrastructure. Council asked the voters to approve a millage cap increase that would allow for the replacement of water mains and other projects from the tax dollars, which are tax deductible to the residents. The proposal was turned down. Council plans to do water main repairs in this budget with Water and Sewer Funds.

A major change in financial statement reporting will be required by the Government Accounting Standards Board (GASB) beginning in July of 2002. Communities will be required to adopt a full accrual basis of accounting. Craig clarified that this method is mandatory for financial reporting, but the Village could show a loss in this fund and not charge people to start saving up to replace infrastructure when it deteriorates, which is basically what the Village has done in the last 40 years. That is why Council is faced with having to fix water mains today without money saved to pay for it. A GASB accounting accrual change does not affect cash flow. If rates are not increased, the Village will have to show a loss in this fund each year because it will have more expense than revenue.

Kennedy stated that auditor Joe Heffernan explained the concept fully at a joint meeting of the Council and Finance Committee. He said that there was substance to this accounting change. A rate model that includes depreciation will cause the working capital to increase enough that there will be sufficient funds to replace those assets when that time comes. Kennedy remarked that this has not happened at the proper levels. Plante & Moran will be consulting with all of its customers to put these new practices into effect.

Stearn mentioned that the 11.5% increase does not take into account a water rate increase that is anticipated from the City of Detroit in the near future. He questioned the amount of that increase.

Spallasso stated that the Detroit Water and Sewer Department (DWSD) was originally talking about sharing the responsibility for improvements to its CSO needs on a 50-50 basis with its customers. The DWSD has now decided to assume the responsibility along with its Detroit customers for up to 83% of the cost of those improvements. The remaining 17% will be shared by its suburban customers. Spallasso anticipates that the Village will receive an increase of 8%-10% in water rates from Detroit in the next year or two.

Craig commented that the cost of the DWSD project to install CSO facilities is estimated at \$1.04 billion at this time. He is concerned the customers outside of the city of Detroit will be held indirectly responsible for more than 17% of the cost.

Stearn stated that, with the proposed 11.5% increase now and an 8-10% increase expected, the Village is looking at more than a 20% increase over the next year or two if this rate increase is approved. He suggests phasing a water rate increase over four years.

Pfeifer maintains that funding water main repairs from the Water and Sewer Fund is not a new idea. Extensive water main replacements done in 1988 and 1993 were paid for from this fund. This is a utility, and the Village should be funding repairs from usage of the water mains and sewers.

Downey made the point that accounting for depreciation means paying for what is used. It is time that the Village did this. Utilities use rates in order to pay for infrastructure repairs. They are using common accounting practices that the Village will be required to follow in the next two years.

Craig referred to a Southeastern Oakland County Water Authority (SOCWA) report showing that Beverly Hills is at the low end of water rates compared to ten surrounding communities including Berkley, Birmingham, Beverly Hills, Bingham Farms, Clawson, Huntington Woods, Lathrup Village, Pleasant Ridge, Royal Oak and Southfield. With the water rate increase proposed, the water bill for an average household will be about \$136/quarter. That is still below the average of the ten communities around us.

Frank Worrell of 32123 Bellvine agrees that a water rate increase should be phased in. He estimates that the proposed increase will generate \$225,000 a year in income. It will be perceived that Council is raising taxes through water rates following the defeat of a millage proposal. He urged Council not to approve a 11.5% water rate increase. Worrell asked a question about the administrative expense of the Water and Sewer Budget, which was addressed by Wiszowaty.

Janet Mooney of 19111 Devonshire questioned whether there are substantial problems with the water mains and what has occurred that justifies raising water rates by 11%.

Craig stated that charts displayed at prior meetings highlighted that there has been a 6% increase in water main breaks this decade versus last decade. Spallasso compiled numbers for the five year financial plan on the rising rate of water main breaks. It is getting to the point where the cost to repair individual breaks as they occur on a street is more expensive than replacing the water main on the whole street. It was the recommendation of the Finance Committee to start instituting a plan to replace segments of water mains on certain streets.

Mooney asked if there is a plan for replacement of water mains. Spallasso stated that a comprehensive plan will be developed following the budget process if Council allocates money to address this issue. The Village has 26 miles of water mains in the ground that are 75 plus years old. Kennedy added that Spallasso has prepared a drawing identifying the worst areas.

Craig stated that the Village cannot attract enough contractors to obtain competitive bids until it gets a project together of \$500,000 or more in scope.

Mooney asked Council to think about approving a tax increase when the voters said "no" to a millage proposal.

Craig responded that the citizens voted 2-1 not to raise taxes for discretionary purposes. He added that a lot of people who voted against the ballot proposal told him that they would have approved a dedicated millage. He considers this water rate increase to be a type of dedicated millage. Money is being collected in the Water and Sewer Fund.

Council had outlined a \$2 million expenditure for water main replacement in the five year plan. The proposed rate increase is projected to raise \$850,000 over five years. Funds will be used to improve water mains. The balance will be used to build up a fund for infrastructure maintenance and replacement such as the CSO tank.

James McCook of 19370 Riverside asked why the debt service charge on the water bill is variable if it is based on a fixed debt service charge.

Craig stated that the incurred debt that is being repaid out of the debt service bill is for replacement programs. The rationale is that people who use the system more should pay a higher percentage of the cost of that program.

McCook asked that Council consider the possibility of offering the option to residents of separate metering for watering lawns and gardens. He suggested that the Village allocate charges to people who use the sewer.

Spallasso stated that this issue has come before councils a number of times. The problem is that the Village has to pay sewer charges to the City of Detroit based on water consumption on the master meter that provides water to the Village. Council could make a decision to allow dual meters and charge those property owners with dual meters separately for water and sewer consumption and for water only consumption. The Village would have to make up for whatever those property owners did

not pay for sewer charges. The City of Detroit will have to be paid for the total amount of water that comes in to Beverly Hills.

Craig agrees that people who water their lawns or flowers pay a larger portion of the sewer charge than they probably should because they are not sending that water back down into the sewer system. However, Detroit charges the Village one rate, and the question is how to spread it equitably.

Munguia referred to comments tonight regarding the defeat of the proposal to increase the millage cap and the impact of an upcoming increase in water rates from the City of Detroit. He mentioned that attempts to go to a more regionalized system for water and sewer could have ramifications.

Downey talked about the change in accounting practices that will result in the Village being run more like a business. He pointed out that what was good in past years is not good moving forward. The Village needs a financial plan that includes repairing infrastructure. He is in favor of the water rate increase.

Walsh commented that the Village has to look toward the future and save for maintenance and repair of its water and sewer system. The five year financial plan indicates that the Village needs \$500,000 a year for the next five years for replacement of water mains. The water rate increase alone is not going to take care of the water main replacement in the Village.

Walsh stated that the Village has about 40 employees on the payroll, and it also contracts for services. He suggests that next year's budget process look at contracted services and consider how many employees the Village would have to employ in order to accomplish that work. A number for the private services the Village uses should be factored in our comparisons to provide a more accurate estimate of how Beverly Hills compares to surrounding communities with respect to staffing.

Kennedy stated that the Council has been criticized for lack of leadership. This Council could do the safe thing, which would be to maintain the status quo and not take care of problems. That would be the wrong thing to do for Beverly Hills, in her opinion. There are things that need to be done and Council needs to get them done the best way it can. People do not want discretionary spending. Kennedy stated that no one ever told her that they did not want the infrastructure in this Village fixed. She will support this because she thinks it is the right think to do.

Stearn stated that he is not fundamentally opposed to water rates being used to repair the water mains. He objects to raising the water rates too high and too soon after a millage defeat.

Pfeifer reiterated that repairs of this nature have always been paid for from the Water and Sewer Fund. We are talking about a \$12.50 increase in the quarterly charge. Council's approach to look for this money through tax dollars may have been in error. Pfeifer maintains that the cost of water main replacement should not have been included in the five year financial plan.

Roll Call Vote:

Walsh	- yes
Craig	- yes
Downey	- yes
Kennedy	- yes
Munguia	- no
Pfeifer	- yes
Stearn	- no

Resolution passes (5-2).

RESOLUTION ENDORSING THE “LET LOCAL VOTES COUNT” CONSTITUTIONAL BALLOT INITIATIVE OF THE MICHIGAN MUNICIPAL LEAGUE

RESOLVED by Kennedy, supported by Downey, to adopt the following Resolution.

**RESOLUTION
OF THE VILLAGE COUNCIL OF THE VILLAGE OF BEVERLY HILLS
ENDORSING THE “LET LOCAL VOTES COUNT” CONSTITUTIONAL BALLOT
INITIATIVE OF THE MICHIGAN MUNICIPAL LEAGUE**

WHEREAS, the Village of Beverly Hills, like other local governments across Michigan, is empowered to enact and enforce policies, ordinances and contracts to maintain and enhance the health, safety and welfare of local residents; and

WHEREAS, historically, the Village of Beverly Hills, and other municipalities throughout Michigan have exercised home rule decision making authority to address the wishes and desires of local residents in a manner that reflects their local values; and

WHEREAS, recent actions by the State Legislature to restrict, preempt or override municipal policies, ordinances and contracts has sharply eroded municipal home rule authority; and

WHEREAS, the Michigan Municipal League has proposed an amendment to the Michigan Constitution to require a 2/3 vote of each chamber of the Michigan Legislature on any legislative bill that seeks to restrict or preempt the powers and authorities of cities, villages, townships, counties and municipal authorities under home rule; and

WHEREAS, the Michigan Municipal League’s “Let Local Votes Count” campaign is gathering the signatures of at least 302,711 registered Michigan voters to place the proposed Constitutional Amendment on the November 7th statewide election ballot; and

WHEREAS, recent polls indicate a majority of Michigan voters would support a constitutional amendment to limit state intervention in local governance.

NOW, THEREFORE BE IT RESOLVED, that the Village Council of the Village of Beverly Hills hereby endorses the "Let Local Votes Count" ballot initiative of the Michigan Municipal League; and

BE IT FURTHER RESOLVED that a true copy of this resolution be transmitted to State Senator Peters, State Representative Godchaux, and the Michigan Municipal League.

Roll Call Vote:

Resolution passes unanimously.

SECOND READING AND POSSIBLE ADOPTION OF AMENDED CABLE ORDINANCE

Pfeifer commented that the original cable ordinance was authored in 1982. Almost 20 years later, the Village will be considering approval of a franchise renewal agreement and a new cable ordinance. Ordinance No. 298 has been entirely rewritten to accommodate the new franchise renewal agreement that will be discussed at the next Council meeting. This new ordinance reflects changes in law, technological advances, a shifting of responsibility from the member communities to the Cablecasting Board and from the board to the communities, and modifications that came about through the negotiation process. This ordinance has been a work of intense scrutiny by the Cablecasting Board.

Pfeifer has reviewed the ordinance and found a number of inconsistencies that are due to reformatting the Birmingham ordinance into Beverly Hills ordinance form. Pfeifer also discovered that Chapter 4.1, Consumer Protection, which was rewritten in 1992, is missing from the Village's current cable ordinance. This is a moot point at this time because the entire ordinance has been rewritten. Pfeifer mentions this because it leaves her with an uncomfortable feeling concerning the integrity of the Village's municipal Code and how it has been monitored. She thinks this is a situation that needs some attention.

RESOLVED by Pfeifer, supported by Kennedy.

Whereas, the Village of Beverly Hills has concluded two readings of the revised Cable Ordinance No. 298, Chapter 4 of the Municipal Code, and

Whereas, proper notice has been published and public hearings have been held,

Therefore, be it resolved, that the Village of Beverly Hills Council adopt Ordinance No. 298, Chapter 4 of the Municipal Code, and it shall become effective 20 days after publication of the summary of this ordinance in the Eccentric Newspaper.

Ryan briefly summarized each ordinance section in order to fulfill the requirements of the second reading. The ordinance is available for public inspection during normal hours of the Village offices. The Village Attorney's office in conjunction with the Village Clerk will proof read the document and correct housekeeping items including numbering errors as part of the final preparation of the ordinance.

Roll Call Vote:
Resolution passes unanimously.

A recess was called at 10:07 p.m. The meeting was reconvened at 10:16 p.m.

SECOND READING OF MINOR ZONING ORDINANCE TEXT AMENDMENTS INCLUDING UPDATED STANDARDS FOR POLITICAL SIGNS, OFF-STREET PARKING REQUIREMENTS, MAXIMUM LENGTH OF CUL-DE-SAC STREETS, ADULT REGULATED USES AND MISCELLANEOUS CROSS REFERENCE REVISIONS

Walsh stated that the first reading of minor Zoning Ordinance text amendments was held at the last meeting. He asked Ryan to conduct a second reading, after which Council will vote on each ordinance amendment separately.

Ryan summarized the ordinance amendments to Chapter 22, the Village of Beverly Hills municipal code relating to adult regulated uses, schedule of regulations, project standards, off-street parking, parking lot landscaping, and signs. The following sections are proposed to be amended: Section 22.04, Definitions; Section 22.08.340 Adult Regulated Uses; Section 22.23.010 Addendum to Section 22.24 which is the Schedule of Regulations; Section 22.25.050 Project Standards; Section 22.28.20 Off-Street Parking Requirements; Section 22.28.30 Off-Street Parking Space Layout, Standards, Construction and Maintenance; Section 22.28.040 Parking Lot Landscape Requirements; Section 22.32.050 Exempt Signs; Section 22.32.090 Sign Type; and Section 22.32.110 Signs Permitted in R-A, R-1, R-1A, R-2A and R-3 Districts.

Ryan stated there is an ordinance amendment proposed for Chapter 23, the Subdivision Control Ordinance, relative to the design standards of cul-de-sacs. An amendment to Section 23.09 would allow a cul-de-sac length of 1,500 feet.

Ryan stated that the Village Planning Board and planning consultant recommend these changes in the ordinances to more accurately reflect changes in State law and/or case law.

RESOLVED by Walsh, supported by Kennedy, to approve Ordinance 299, Text Amendments for Political Signs.

Roll Call Vote:
Kennedy - yes
Munguia - no
Pfeifer - yes
Stearn - yes
Walsh - yes
Craig - yes
Downey - yes

Resolution passes (6-1).

RESOLVED by Walsh, supported by Kennedy, to approve Ordinance 299, Text Amendments for Off-Street Parking Requirements.

Vince Borowski of 31115 Chelton, Planning Board chairperson, stated that the Planning Board does not believe that the revised off-street parking requirements are a liberalization of parking requirements as much as a recognition of the current standards with respect to professional parking lot review. The board does not believe that this change opens the door to a new standard for parking lots in Beverly Hills. The Village will still have the same problems it has today with inadequate parking in commercial areas. Borowski thinks the Village will benefit by these new standards. The ordinance amendment includes parking lot standards for landscaping, which is an important new addition to the ordinance. He recommends Council approval these ordinance amendments.

Roll Call Vote:
Resolution passes unanimously.

The text amendment regarding the maximum length of cul-de-sacs was discussed. Stearn suggested that wording be added to the second sentence of the section so that it reads as follows: "The Village Council may require that a reduced street length and/or an emergency access be provided where **conditions such as but not limited to** site terrain, narrow road width, or deep roadside ditches limit access of emergency vehicles to the development." Council concurred with the revised language.

RESOLVED by Walsh, supported by Downey, to approve Ordinance No. 300, Text Amendments for Maximum Length of Cul-de-sac Streets, as amended.

Roll Call Vote:
Resolution passes unanimously.

RESOLVED by Walsh, supported by Downey, to approve Ordinance No. 299, Text Amendments for Miscellaneous Cross Reference Revisions.

Roll Call Vote:
Stearn - no
Walsh - yes
Craig - yes
Downey - yes
Kennedy - yes
Munguia - yes
Pfeifer - yes

Resolution passes (6 - 1).

RESOLVED by Walsh, supported by Downey, to approve Ordinance No. 299, Text Amendments for Adult Regulated Uses.

Roll Call Vote:

Resolution passes unanimously.

RESOLUTION APPROVING BEVERLY SCHOOL WATER MAIN LOOP

As part of the renovations to Beverly School, the Birmingham School District will install a new water main to replace the existing one in order to provide service and fire protection to the building. It is proposed that the new 8" water main be connected to the dead end main on Gould Court on the east side of the school property and extend to connect to the existing main on Allerton Court, which is also a dead end main. This will accomplish a "loop" that will provide double feed and therefore improve the service and fire protection for Allerton, Gould Court and Beverly School.

The School District has received bids on a project that included an alternate to extend the water main construction outside of its property. Based on low prices, the Village's share of the construction cost for the installation of the pipe and removal and replacement of concrete pavement will be \$11,550.00. In addition, some restoration costs that were not included in the school's bidding documents will be the responsibility of the Village. The restoration includes replacing bushes, sodding, and replacing 35'-40' of fence. If authorization is received, Spallasso will come back to Council with a cost estimate.

Spallasso is requesting Council approval to approach the property owner at 31708 Allerton for the purpose of obtaining a 12 foot easement and to authorize the amount of \$11,550 as reimbursement to the Birmingham Public Schools after completion of the project for the actual installation of the water main.

Craig stated that this project solves three problems. The water main serving Gould Court dead ends at the court. A loop system allows two ways to obtain water if there is a water main break. The project increases fire protection and service to Gould Court and to Allerton which has a dead end water main. The proposal allows Beverly School to increase from a 4" to an 8" main to bring them up to current standards.

Council discussed the possibility of extending the new water main to connect all the property owners on Allerton Court. Spallasso estimated that the cost of extending the project to reach six more residences would triple the cost to the Village. It was emphasized that all the houses on Allerton will benefit from a looped system by increased water pressure and fire protection. Hanlin added that there will be a new hydrant that will be available for fire protection for all Allerton residents.

Vince Borowski of 1 Brady Lane, President of the Beverly Hills Little League, commented that, if the new water main was to cross the existing ball diamonds, the cost of renovation of one or two of the ball fields would be substantial.

RESOLVED by Walsh, supported by Kennedy, to approve the Beverly School water main loop as follows:

- 1) Approve \$11,550 as the Village's share of construction to be reimbursed to the Birmingham Public Schools;
- 2) Approve an amount not to exceed \$1,000 for the cost of property restoration if the resident at 31708 Allerton agrees to dedicate the necessary easement;
- 3) Authorize Renzo Spallasso to negotiate and accept an easement from the property owner at 31708 Allerton.

Roll Call Vote:
Resolution passes unanimously.

APPROVAL OF BILLS

MOTION by Pfeifer, supported by Kennedy, that the bills from a period of 4/18/00 through 5/01/00 be approved for payment in the following amounts:

\$190,540.90	General Fund
4,879.09	Major Road Fund
8,931.67	Local Road Fund
10,074.67	Dedicated Millage
10,327.96	Water/Sewer Operation Fund
<u>66.24</u>	Trust & Agency Fund
<u>\$224,820.53</u>	Total

Questions from Council and the audience were addressed by administration.

Motion passes unanimously.

MOTION by Kennedy, supported by Walsh, to amend the agenda to add item 16A, Discussion of 14 Mile Road Improvement and Acacia Relief Sewer.

Ayes: Craig, Downey, Kennedy, Munguia, Pfeifer and Walsh
Nays: Stearn
Motion passes (6 - 1).

DISCUSSION OF 14 MILE ROAD IMPROVEMENT AND ACACIA RELIEF SEWER

Spallasso is requesting a decision from Council to commit \$354,750 from the Water and Sewer Operating Fund to install sewer pipes under the new pavement as part of the 14 Mile Road reconstruction project that will be undertaken in 2001 by the Road Commission for Oakland County. This will be done in order to avoid digging up 14 Mile Road again as part of the future Acacia Interceptor Relief Sewer project.

Stearn stated that he supports the allocation of funds for this project but does not think that it is appropriate to amend the agenda at this late hour and to take action on this item.

Craig suggested that Council discuss the proposal but reserve action to commit funds until the next regular Council meeting.

Kennedy indicated that she will support the project when it comes before Council for a vote. She thinks that there should be more discussion in a couple of weeks. Munguia thinks this proposal should be a distinct agenda item.

Walsh commented that this proposal follows the Village's plan for undertaking sewer replacement projects with dedicated millage. The proposed work is part of the Acacia Relief Sewer. Walsh proposes reserving \$350,000 in the Water and Sewer Fund in addition to a 15% fund balance of \$300,000 leaving a minimum balance no lower than \$650,000 in this fund.

Downey questioned when the sewer line across 14 Mile Road is scheduled to be laid according to the current engineering plans for the Acacia Interceptor project. He is concerned that dedicating this money for the proposed project could short the dedicated millage fund and cause other borrowing. He is in favor of the project but would like to see all the details worked out.

Council members agreed that this project will be an agenda item at the next meeting. Craig requested that administration prepare a comprehensive memo that details the scheduling of the Acacia Interceptor project. He would like to know when the Village will have the funds to undertake the Acacia Relief Sewer and the approximate time frame for connecting that pipe across 14 Mile Road.

Spallasso stated that he expects a report in two or three weeks from consulting engineers Hubbell, Roth, and Clark on the preliminary engineering of the route.

LIAISON'S REPORT

Downey announced that the Public Safety Department has received the new fire truck. It was parked outside the municipal office prior to tonight's meeting.

Walsh stated that the Planning Board met last Wednesday and discussed the pathway master plan for the Village. He mentioned that all but one of the board members present are able to attend a joint meeting with Council on June 1.

Kennedy stated that the Retirement Board will meet on Wednesday, May 17 instead of its regular meeting date of Tuesday, May 16. Kennedy attended the Parks and Recreation Board meeting and commented that board members indicated that they will review the rules and regulations for large groups that reserve the park.

Stearn announced that the Annual Park Clean Up will be held in Beverly Park on Saturday, May 13 from 10:00 a.m. until noon. The Memorial Day Parade and Carnival and Lion's Fun Run is coming up on May 29.

Stearn thanked the Village Woman's Club of Beverly Hills for donating \$5,000 towards capital improvements to the park. He also thanked the Lion's Club for donating \$300 for a new park banner. Stearn acknowledged these two groups for their generous contributions to the Village.

There was discussion at the last Parks and Recreation Board meeting and a recommendation to Council regarding removal of about 50 feet of fence at the park entrance in preparation of the new gate and entrance construction project. A sign was proposed to be attached to the park sign to let residents know that work will begin on park improvements in the near future. Pat Greening expressed reservations earlier this evening about whether it is appropriate to remove the fencing at this time. Because the Parks and Recreation Board is looking for direction from Council, Stearn asked for a sense of Council on whether to remove 25 feet of fencing from each side of the park entrance. This would be done on the park clean up day.

It was the consensus of Council not to authorize the removal of fencing at the park entrance for safety reasons.

Pasieka informed Council that there is an article in the upcoming Villager newsletter that will update residents on the status of park improvements and the grant application. There are also plans to mail an informative letter to each person who participated in the Friends of Beverly Park fund raising efforts and those who purchased paving bricks.

Pfeifer reported that she attended her first Cablecasting Board meeting last week. Birmingham and Bingham Farms have approved the franchise renewal agreements. The Franklin Council will consider approval of the documents at an upcoming meeting.

The Cablecasting Board's efforts are now focused on the operation of PEG (public, educational, and government) access programming. The cable company will no longer provide this service under the new franchise agreement. A subcommittee of the board has been exploring various options for the PEG operation and has made a recommendation that is being considered by the board.

Pfeifer informed Council that, with the conclusion of the franchise renewal negotiations, there are a number of personnel from the Cablecasting Board who are leaving. Chairperson Steve Hall has resigned and has appointed Lex Kuhne as temporary chairperson until the board selects a chair. Judge Doctoroff also resigned his position at the last meeting. Don Gillis, attorney for the board, is leaving. The Cablecasting Board has authorized Tim Currier with Bieier Howlett to take his place as legal counsel for the board.

Pfeifer related that the Village of Beverly Hills may be asked by the Cablecasting Board to consider storing the mobile production van on Village property and to provide insurance coverage for the van through the Village's policy.

MANAGER'S REPORT

Hanlin thanked the entire staff for its efforts in getting through this budget process. She clarified an earlier reference made to a Village web site. The Beverly Hills Public Safety Department has a web site. The Village is working on a web site that will be up and running soon.

Spallasso stated that the City of Royal Oak notified Beverly Hills today that construction will begin on 14 Mile Road this week.

Craig listed three events coming up in the near future that he will not be able to attend as Council president. Any Council member who wants to attend these events in his absence should contact the Village manager.

PUBLIC COMMENTS

There were no comments from the public.

COUNCIL COMMENTS

Kennedy announced that the Greenfield-Beverly Homeowners Association annual board meeting will be held in the Village municipal building at 7:30 p.m. All residents are welcome to attend. Kennedy commented that resident Larry Needham has asked if the Village can do anything to stop people from delivering unsolicited newspapers that are thrown on residents' front yards. They are littering our neighborhoods. Hanlin responded that the Village does not have an ordinance that regulates this, but she will address the topic at the next meeting.

Kennedy recognized Boy Scout Troop 1024 from Beverly School for the work they did with Don Greening to divert the artesian well in Beverly Park into the pond.

Walsh referred to a resolution adopted by the City of Clawson regarding the George W. Kuhn Drain project. There have been newspaper articles recently concerning the fact that the County is including restoration of Red Oaks golf course and the golf dome in the drain project. He suggests that Council adopt a similar resolution in opposition to this.

Spallasso stated that he has taken a position against adding those restoration costs to the drain project and supports the idea of the Village Council adopting a resolution to that effect. The existing facilities are owned by Oakland County through its Parks and Recreation Department and are operated by private businesses. He agrees that it is not equitable that the communities involved in this drain project pay to reconstruct these facilities.

Downey stated that the Woman's Club made a sizable donation to Beverly Park and the landscaping at the Village offices. He recognized this group as a strong supporter of our community. Downey mentioned that he would like an update on the progress of the Village's web site.

Downey recalled a comment from resident Norman Rubin who said that the Village should be approaching the budget process more in advance with an eyes open process. Downey agrees that the Village could be doing more up-front work in preparing the budget and gaining consensus. Downey asked that all documents distributed to Council be dated.

Munguia announced that this week is Lion's International White Cane Week. He urged people to support this organization.

Craig thanked everyone for their assistance in a productive budget process.

MOTION by Downey, supported by Kennedy, to adjourn the meeting at 11:54 p.m.

Motion passes unanimously.

Andrew Craig
Council President

Ellen E. Marshall
Village Clerk