

Present: Council President Domzal; President Pro-Tem Woodrow; Members: Downey, Koss, McCleary, Pfeifer and Taylor

Absent: None

Also Present: Village Manager, Murphy

President Domzal called the meeting to order at 5:00 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

Budget Discussion

An initial budget session was held on March 10, 2004 to review the first draft of the budget and receive presentations from department heads. Council received the proposed budget document for FY 2004/05 in early April. Domzal applauded staff for preparing an excellent budget document.

Murphy distributed a number of revised budget pages reflecting updated figures. There have been modifications based on recent information from the Village actuarial firm regarding the Public Safety Pension Fund as well as updated numbers for worker's compensation.

Murphy summarized the General Operating budget. Total revenues and expenses for the General Fund are expected to increase by 3.22% this year. General Fund Revenues, excluding general fund balances, are increasing by about 0.8%. While property taxes are going up by 2.7%, the Village is experiencing approximately a 25% decrease in State Shared Revenue. These cutbacks in State Shared Revenue in conjunction with the limitations of Proposal A, the Headlee Amendment, and the General Property Tax Act result in a projected increase of only 0.8% in General Fund Revenues.

The current budget anticipates transferring \$231,000 from the fund balance to the operating budget. This will result in a fund balance level of 20.57% of expenditures.

From an operational point of view, most of the funds have been held reasonable static compared to last year with the exception of the Public Safety Department. A forthcoming actuarial analysis of the Public Safety Retirement System will report that, while the Pension Fund performed admirably over a five year average, it has under-performed to the extent that the Village will be required to make a contribution to the Public Safety Officers Pension Fund from the General Fund in the amount of \$89,433.00. Murphy highlighted other changes represented in the revised budget pages and answered questions from Council.

Murphy affirmed that there are difficult decisions to make within the next fiscal year to prepare for the challenges projected for the following fiscal year. Council discussions on how to proceed will continue.

There has already been one level of cuts incorporated into this budget. Council reviewed reductions that have been made to this point both in this fiscal year and for the next fiscal year. Transfer of General Fund millage to the Local Road Fund was rolled back from 1 mill to 0.875 mils. Building permit fees were increased. Reductions in the Community Action Program budget

reflect discussions by Council with cuts made to Little League, BASCC, Community Coalition, and funding for park concerts, Halloween Hoot and Winter Family Fun Day.

Council discussed whether there are additional items that could be studied in terms of reducing services or adding revenue. How efficiencies in staffing can be achieved was addressed. Staffing issues will be considered further in terms of the general office and public safety department following completion of the organizational management audit of the Public Safety Department. Murphy noted that the study is underway and recommendations are expected in June. If Village operations remain as they stand today and the economy does not improve, appropriations will have to be made from the Fund Balance next year.

It was suggested that elimination of the Village Calendar and Newsletter would represent a minimal savings but would generate criticism in terms of failing to keep citizens adequately informed. Murphy pointed out disadvantages to selling advertising space in the calendar or newsletter. The biennial appreciation dinner for Village volunteers was discussed. There was a consensus to proceed with the event on a reduced cost level.

The cost of library service with Baldwin Library represents 8% of the Village's General Fund budget. There was agreement that residents need to speak to this issue in terms of whether they want it to continue as a core service that the community provides. It was suggested that Council could indicate to the voters that the general fund allocation to the libraries will end as of a date certain and ask the voters if they want to levy a mill for library services. There was agreement that that the library issue should be brought to the forefront and discussed in an open forum to determine if there is support to put a library proposal on the ballot.

It was indicated that the first opportunity Council would have to bring a proposal to the people is September of 2005 with a millage taking effect in 2006.

The suggestion was made that cuts in service should be made visible so that the community becomes familiar with the Village's financial status before proposing revenue increases such as assessing millage for library or trash collection. Another suggestion was to proceed with a study of village versus city status to determine cost savings.

Council has an obligation to manage Village funds as best it can. The Village has traditionally used operating revenues to fund its capital improvement program. Domzal suggested looking at debt to fund the Village's capital needs. This would involve some research.

Domzal remarked that a municipality's ability to be able to fund without tax increases is largely dependent on its ability to attract new development in the community. He proposed that the Village could use the revenue associated with townhouse redevelopment along 14 Mile Road.

Whether the economic picture is going to change has been an issue. Many communities have reached the breaking point, and there is a cry in Lansing to find ways to restore cuts.

Domzal summarized that Council has been discussing options in terms of bringing a millage proposal before the voters with the goal of identifying ideas and establishing a sense of direction. Council recognized that community informational meetings are needed to inform residents about the Village's financial status. Council will begin to have these discussions at its regular meetings.

It was understood that, following adoption of the budget, Council will continue to work on possible cost cutting amendments to the document and/or alternatives for raising revenue.

Questions and comments on the budget from residents Norman Rubin, Norm Downey and Bunker Kelly were addressed by Council and Murphy.

Council went through the budget document by department pausing to receive clarification on specific items. Several issues were brought up for further consideration.

Council Planning Issues

Domzal stated that there are planning issues including Council's agenda for the upcoming year that will be discussed at another study session. He asked Council for a sense of how it would like to proceed with the formation of a committee to implement the findings of the Strategic Planning Development Committee. Council members have indicated the importance of continuing the process.

Murphy related that, after the SPDC receives raw data from the community-wide and other surveys and reports on its findings, it will have two or three more meetings to prepare a report and present it to Council. The end result will be the collective preferred vision of the community. Murphy proposes the creation of an implementation committee to take that information and determine what it means and how to achieve the goals set forth by the citizens.

The implementation committee would have a different mix of members but could include people from the current committee. It will be important to engage people who have a concrete understanding of the daily affairs of the organization including past board and council members, administration, Council, and other active members of the community. Murphy emphasized that the implementation of the strategic plan is a continual process. The implementation committee would assist with establishing annual goals and work products that help Council achieve the preferred vision.

The Personnel Committee of Council will meet a couple weeks following the presentation of the survey results to discuss creation of an implementation committee.

A council study session was scheduled for 6 p.m. prior to the May 18 Council meeting date.

A recess was called at 7:16 p.m. with Council to reconvene for its regular Council meeting at 7:30 p.m.

Dave Domzal
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary