

Present: Council President Domzal; Members: Downey, Koss, McCleary, Pfeifer and Taylor

Absent: Woodrow

Also Present: Village Manager, Spallasso  
Assistant to the Manager, Pasieka  
Finance Director, Wiszowaty  
Village Clerk, Marshall  
Building Official, Byrwa  
Director of Public Safety, Woodard

President Domzal called the meeting to order at 5:30 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

### **Five Year Forecast**

Included in the information distributed for the Council study session were copies of updated five-year revenue and expenditure projections and the capital improvement program for 2004/05 to 2009/10. Copies of the projected revenue and expenditure sheets were distributed to audience members.

Council reviewed and discussed the updated revenue and expenditure projections for the General Fund, Major and Local Road Funds, Water and Sewer Operating Fund, and a Public Safety Employees Payroll and Fringes worksheet.

Spallasso commented on some of the assumptions used to prepare estimated 2005/06 budget figures included in the report. It was emphasized that these are preliminary budget figures and subject to change. The taxable value on which the Village's property tax revenue is based is anticipated to increase by 3% from last year. State Revenue sharing is expected to remain at the same level as last year, or \$692,565. In terms of expenses, the big hitters are wages and benefits. Projections reflect a 3.25% salary adjustment for all union contracts and a 3% increase for non-union contracts. The Village anticipates a 12% increase in health insurance costs. Liability insurance is increasing by about 10 percent. A shortfall of \$359,000 in expenses over revenue is projected for 2005/06. A transfer from the fund balance to balance the budget would result in a reduction of the fund balance from 24% to 17% of the total budget.

Spallasso informed Council that Beverly Hills is working with other SOCRRA (Southeastern Oakland County Resource Recovery Authority) communities on restructuring the organization when the current contract for processing and disposal of waste expires in 2007. Members of the SOCRRA group are in the process of working out a new agreement with all of the individual municipalities to combine efforts in terms of collection and disposal of rubbish in order to save 10% or more in costs.

Comments and questions on projected expenditures for 2005/06 were addressed by Finance Director Wiszowaty and Spallasso. A few modifications suggested by Council will be reflected in a revised draft.

Council reviewed the Five Year Capital Improvement Program. Items were scrutinized to determine whether there are programs that could be deferred. Spallasso outlined upcoming road and sewer projects. It was noted that the Village was approved to receive \$500,000 in Federal funds for a \$1 million project to reconstruct 13 Mile Road from Southfield to Greenfield Roads, with the funding available in 2007/08. The \$135,000 budgeted in the 13 Mile Road Reserve fund will have to be moved because the auditors will not permit the Village to reserve money. A portion of the \$135,000 can be transferred to the Major Road fund balance with funds reserved to do patching and repairs until 13 Mile Road is repaved. Drainage problems will continue to be addressed in priority order with budgeted funds.

The following residents offered input on the five year projections and the capital improvement program and commented on the proposed budget for the next fiscal year: Greg Burry, Bunker Kelly, Kathleen Berwick, Bob Walsh, Art Liberty, Frank Worrell, Norm Downey, Jim Merritt and Ralph Lohrengal. Questions were answered by Council and members of administration.

Members of Council and the public proposed ideas for cutting expenses during a review of General Fund expenditures. It was suggested that expenses be further scrutinized to become more efficient with available funds. The comment was made that Council should not be looking for additional revenue from taxpayers until it cannot deliver the current level of services. It was emphasized that there is not much left to cut in the budget.

Domzal proposed that the following measures be considered in order to get through this budget cycle: 1) The Village will have to borrow against some of its capital budgets, 2) Staffing in terms of the Village Manager and Public Service Director positions is an opportunity for savings. 3) Retaining a 20% fund balance may be overly conservative; 4) There is a need to grow the revenue base in the community; 5) Create a finance/budget committee to look at Village finances on a long-term basis. There may be a need to obtain citizen input on a review of long-term budget issues.

**Discuss administrative matters relative to Village Manager position**

Domzal summarized that former manager Brian Murphy left the Village in September of 2004. At that time, Council decided to appoint Public Services Director Renzo Spallasso as interim Manager given his willingness to assume both positions on a temporary basis. This was done with the understanding that Council would take a look at the manager position in 2005.

At the last Council study session, it was decided that the manager position would be a topic of discussion at the February 15 Council meeting. There has been discussion about offering Renzo Spallasso the Village Manager job and dealing with the public services position. There is a divergence of opinion among Council as to the best approach for filling

the manager position. This will be an agenda item for the study session and the regular Council meeting.

Woodrow entered the meeting at 7:21 p.m.

There were members of Council who thought that the issue of filling the manager position should be referred to the Personnel Committee for review and recommendation back to Council. It was suggested that Council members should have clear expectations as to the manager position and alternatives available before a contract is negotiated.

Domzal clarified that the Personnel Committee is a subcommittee of Council consisting of himself as Council President, President Pro-Tem Woodrow, and Downey. If it is the sentiment of Council that this matter be reviewed by the Personnel Committee and referred back to Council, he would suggest providing the Personnel Committee with clear direction on what it is requested to do.

Art Liberty commented that Renzo Spallasso has a depth of knowledge about the Village. He cannot imagine anyone more qualified for the position than Mr. Spallasso.

Jim Merritt commented that there has been discussion about budgetary matters tonight. Selecting Mr. Spallasso as full-time manager would provide an opportunity for him to hire and train his replacement as public services director. This would represent a cost savings to the Village and would be an opportunity for Mr. Spallasso to transfer a wealth of knowledge to the person who would succeed him.

Norman Rubin asked Council to consider asking Renzo Spallasso to serve as Village manager while training his replacement in the public works area.

Sharon Tischler expressed the view that Council should do what is best for the community and consider Renzo Spallasso for the village manager position. He has a wealth of knowledge about the Village that would assure that the inner workings of the community proceed without complications.

Domzal stated that the Village Manager position is an agenda item for the regular Council meeting following this session. This discussion will be continued at that time.

The meeting was recessed for five minutes at 7:30 p.m.

**Dave Domzal**  
**Council President**

**Ellen E. Marshall**  
**Village Clerk**

**Susan Bernard**  
**Recording Secretary**