

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

Absent: None

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

President Domzal called the meeting to order at 6:36 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road. The purpose of the study session is to continue the March 9 review of preliminary budget figures for fiscal year 2005/06.

Finance Director Wiszowaty provided information requested by Council on three items including past financing of fire truck replacement and current balance in the fire truck reserve fund, River Rouge maintenance expenditures, and details on the Gypsy Moth account. Questions and comments from Council were addressed by Wiszowaty.

Wiszowaty reviewed that the taxable value of the Village will increase above the inflationary rate. Firm figures on the Village's taxable value will not be available from Oakland County until mid-April. The millage rate for 2005/06 will not exceed the 12.4259 mills levied for the current fiscal year.

The General Operating budget for 2005/06 shows expenditures exceeding revenue by \$202,000. It is projected that the Village's General Fund fund balance will decrease by about \$50,000 from the previous year. If \$202,000 is transferred from the fund balance to balance the 2005/06 budget, the fund balance will decrease to 19.65%. Taking into account a reduction in expense due to Renzo covering two positions in the amount of approximately \$100,000 in the 2004/05 fiscal year, the fund balance will be closer to 21.21%.

In response to an inquiry, Wiszowaty stated that the proposed budget projects salary increases at 3.0% for non-union employees and 3.25% for public safety contract employees. The increase in salary and wage costs between the current fiscal year and the next fiscal year is estimated at \$107,000.

Wiszowaty reviewed Major Road Fund Budget assumptions. State gas & weight tax will increase approximately 3%; expenditures for repair and maintenance will increase 3%; bridge inspection and repair costs will increase to \$50,000.

The budget for the Major Road Fund for the next fiscal year will be \$448,000. The Road Fund fund balance is projected to be about \$546,000 as of June 30, 2006. Of that amount, \$270,000 is being reserved for the 13 Mile Road reconstruction project between Southfield and Greenfield Roads scheduled for two to three years from now. The cost of the project

will be shared with the City of Southfield. The Fund Balance excluding this reserved amount will be \$276,000 or 63% of operating expenses.

In response to an inquiry, Wiszowaty related that changes in requirements relating to the expenditure of State gas and weight tax (Act 51) allocated to the Village allow the transfer of money between major roads and local roads by Council resolution.

Domzal noted that the fund balance includes money reserved for capital projects for major or local roads. A comprehensive five-year capital program for Major and Local Road Funds is essential to make decisions on how much money the Village will have to spend during that five year period.

Wiszowaty stated that the Village's current five year capital plan shows transfer of money from the Major Road Fund to assist the Local Street Fund in about three to four years from now to offset a deficit.

The Local Road Fund budget for the next fiscal year was reviewed. It is proposed to continue to charge 1.0 mil (as reduced by Headlee) against the General Operating Charter millage (0.8 mills will be the actual number). The State Gas & Weight Tax will increase about 3%. Expenditures for Repair & Maintenance accounts will increase 3%. Revenues for the next fiscal year are anticipated at \$700,710. Expenses are budgeted at \$889,735. The Local Road Fund fund balance was approximately 61% of operating expenditures going into this fiscal year. This budget proposes taking \$189,000 from that fund balance, which it will drop it down to 39.77%.

The maximum tax rate for the Village will be 12.4259 in 2005/06. The General Operating millage in the current fiscal year was 9.6329 mills with 8.75 allocated towards general operating expenses and 0.8757 to the Local Street Fund. The proposed budget projects the same allocation, which will provide \$400,000+ in revenue to the Local Street Fund.

Wiszowaty commented on Local Street Fund projects noting that remaining money budgeted in 2004/05 for asphalt resurfacing will be combined with 2005/06 funds for a road resurfacing program.

Council asked how sidewalk maintenance is funded. Wiszowaty stated that \$35,000 is budgeted for sidewalk maintenance in the General Fund Capital funds, Pedestrian Path account. It was the consensus of Council that sidewalk maintenance be funded from the Major Road Fund and not from the General Fund.

In answer to a question, Wiszowaty stated that he will consult with Spallasso on whether to include the Village's contribution to a Stafford Road paving project in the Road Fund budget.

The proposed Water and Sewer Fund budget projects no increase in water and sewer rates for 2005/06. The Village's costs are increasing as reflected in a \$134,810 deficit in the Water and Sewer Fund. It is projected to transfer \$134,000 from the fund balance, which

will result in a Water and Sewer Operating Fund Balance in June 30, 2006 of 41% of operating expenses or \$1,482,000.

There was some discussion of additional projects to be addressed as part of the Acacia Relief sewer project. Shortfalls of \$600,000-\$700,000 have been projected for future work. It is understood that the Village would have to evaluate the performance of the system once the current phase is completed. Council requested a response from administration on the timing and cost of evaluating the system and developing a plan for the remaining sewer construction.

Wisowaty explained that Water and Sewer rates will be determined by using the old DNR (DEQ) proportionality test formula to insure that the Village is generating enough income to operate and maintain the sewer system and provide a capital reserve for pump stations. This template would calculate water rates based on actual projected expenditures.

Bob Walsh of 20655 Smallwood provided a history of the transfer of 1.0 mil from the General Fund to the Local Road Fund. He commented on the remaining phase of the Acacia Relief Sewer program. Walsh expressed the view that the Village should update the census statistics in the current Master Plan rather than undertaking a rewrite of the document.

Greg Burry of 32742 Pierce referred to the Public Safety Operational Study and questioned the Public Safety Department staffing level.

Pam Rijnovean questioned the amount by which expenses exceed revenues in the proposed 2005/06 budget. She was answered that the shortfall will be about \$200,000.

The meeting was recessed at 7:31 p.m. before proceeding with the regular Council meeting.

Dave Domzal
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary