

Present: President Taylor; President Pro-Tem Walsh; Members: Burry, Koss, Pfeifer, Rijnovean and Woodrow

Absent: None

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

President Taylor called the special Council meeting to order at 6:05 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

ADDITIONS TO AGENDA/APPROVE AGENDA

Motion by Rijnovean, second by Koss, to approve the agenda as published.

Motion passed.

FY 2006/07 BUDGET STUDY SESSION

Spallasso stated that Council is meeting this evening to review the first draft of the 2006/07 budget. He summarized the General Fund assumptions for revenues and expenses.

Revenues

- Property tax revenue will increase by 3.3% based on the Consumer Price Index.
- Interest income is expected to double from the approved 2005/06 budget.
- State Revenue Sharing has been estimated per the revised State of Michigan schedule.

Expenses

- Personnel levels will remain the same as 2005/06.
- Salaries and wages will increase by 3.00% .
- Health insurance for active employees will increase by 15% based on current estimates.
- Retiree Health Care expense will decrease .25% from 2005/06. This is due to self-funding the difference in the co-pay amount of the Retiree Drug Card from \$2 or \$3 to a \$10/\$40 program.
- MERS retirement contribution will increase per actuarial study.
- Rubbish collection will increase 4% with disposal cost decreasing by 1.74%.
- Public Safety Pension Contribution information will not be available until April.
- Library contribution will remain at 1.077 mill levels using a Headlee reduction fraction of 1.0.
- Capital expenditures will increase by 22.03%. We will be participating in grant and matching fund programs.

There followed questions and comments from Council on the basis for the budget assumptions. The assumption that personnel levels will remain the same as 2005/06 and that salaries and wages will increase by 3.00% was challenged by members of Council as not being realistic in today's economy. This resulted in a discussion of what Council has in mind for salary increases and active employee contributions to health care expenses.

Spallasso stated that this is the first draft of administration's budget. Council will review the document and advise him of where there is a consensus to agree or disagree on specific items. Council members can request additional information from administration.

An overview of capital expenditures was presented by Wiszowaty and Spallasso in response to an inquiry about the assumption that capital expenditures would increase by 22.03 percent.

Revenue

Council questions and comments on specific revenue line items were addressed. Revenue items that were discussed in some detail included permits and fees, charges for services, and current property taxes.

It was explained that the five-year financial plan decreases the amount of General Fund millage going to local roads for resurfacing this year, which will amount to a reduction of about \$300,000. Spallasso indicated that there is money set aside for concrete repairs. Village roads are currently in good condition and will remain acceptable if the Village skips one year of resurfacing. He referred to his memo dated February 23, 2006, which states that the Village has an opportunity to take advantage of a federal grant (80%) with the Road Commission to do a complete evaluation of road conditions this summer. The results of the evaluation will generate a new plan with priorities for future resurfacing programs.

Council understood that a reduction in money allocated for local road repair may be the solution to this year's budget problem. The question is where future cuts will be made. People want their services to remain at the same level and the infrastructure improved. There are hard questions to be asked in the future if we want to retain current services.

Spallasso noted that surrounding communities levy a millage for road repairs and special millages for rubbish collection/disposal and for library service. Those services are funded through the General Fund in Beverly Hills. Spallasso thinks that the decreased contribution to the local road fund is a good measure this year. There will be tough decisions to be made in terms of balancing the budget in future years.

Expenses

The Village Council budget was scrutinized. Wiszowaty gave a breakdown of the membership and dues line item. There was discussion of legal fees. Questions included whether The Village's legal fees are in line with those of surrounding communities, whether the Village should solicit bids for legal services, and whether it is necessary for the Village Attorney attend every Council meeting. At the direction of Council, Spallasso will provide Council with a comparison of what surrounding communities pay for legal services.

Building & Planning Department

Byrwa went through the building and planning department budget line by line focusing on items that showed a significant increase or decrease from the previous year. Questions from Council were addressed by Byrwa and Wiszowaty.

Byrwa indicated that he is in the process of compiling data from surrounding communities on their charges for permits. The Construction Code Act allows a municipality to collect fees that equal the cost of running the department. Beverly Hills permit fees were increased in 2004, but there continues to be shortfall in terms of recouping costs. It was noted that a rate that is out of line with construction permits throughout the County may warrant the attention of the State and result in an audit. There has been a concern that overpricing permit fees may discourage residents from applying for permits.

PUBLIC COMMENTS

Ralph Lohrengel stated that tax decreases are good for the economy, and he proposes that the Village reduce taxes by ten percent. He suggested that a way to cut expenses is by sharing services with surrounding communities.

Bunker Kelly thought that notice of this Council budget session should have been more visible on the Village web site. He commented on the budget assumptions, wage increases, retiree medical costs, responsibility for cost of sidewalk repairs, the need to continue roads repairs in the Village, and spending money on memberships and training. Several of these issues were addressed by Spallasso. Kelly believes that Council and Villagers will have to make tough decisions on expenditures.

Janet Mooney asked if a date has been established for the next budget session and what will be covered at that meeting.

Jill Sickles commented that Council will have some hard decisions ahead of it. She remarked that people may vote against things that will benefit them if they represent the transient population in the Village with no sense of having a stake in the community.

The next Council budget session will be held on Thursday, March 9, 2006 at 6:00 p.m. in the Village municipal building.

Motion by Pfeifer, second by Woodrow, to adjourn the meeting at 8:28 p.m.

Motion passed (7 – 0).

Dave Taylor
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary