

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

Absent: Koss

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 6:30 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

ADDITIONS TO AGENDA/APPROVE AGENDA

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

Motion passed (6 – 0).

STUDY SESSION TO REVIEW FISCAL YEAR 2006/07 BUDGET

Spallasso stated that before Council for consideration is the same balanced budget that was presented at the April 17 budget meeting. Council members are in receipt of two memos dated April 18, 2006 prepared in response to action taken at that meeting. One memo reflects a change voted on by Council regarding a transfer of \$100,000 from the Local Road fund balance and \$150,000 from the Major Road fund balance to the Local Road Fund asphalt resurfacing account.

The other memo is in response to direction from Council to reduce the General Fund budget by an additional \$50,000. Spallasso stated that the changes will be made to the 2006/07 budget if Council votes to implement those revisions. Council discussed the budget reductions outlined in the April 18 letter from administration.

Woodrow commended administration for preparing a list of proposed budget reductions at Council's request. However, he did not think that reducing salary increases for all employees from 2% to 1% was appropriate nor could it be realistically accomplished. That action would most likely result in the Village being under budgeted and would necessitate a budget amendment to appropriate money for employee wages. Woodrow added that he believes that 2% in lieu of 3% salary increases for all employees was unrealistic given what other communities are doing, the Village's fund balance, and ongoing union negotiations. Woodrow further stated that he would agree to these changes only if that is what it would take to obtain five affirmative votes of Council to approve the 2006/07 budget. He would like Council to come to an agreement on a draft budget this evening.

Walsh stated that she would prefer budgeting for a 2% rather than 1% salary increase for all employees. She would like Council to discuss employees' cost of living allowance pay. Walsh requested further information on the proposed reduction in capital purchases for public safety

equipment and the impact on the department. She would support a reduction in public safety part-time wages by \$10,000 if it can be implemented without being a detriment to public safety. Walsh asked for an explanation of the estimated increase of \$25,938 for health insurance.

Walsh asked where the \$135,000 in reserve for Thirteen Mile Road replacement is located in the budget. Spallasso responded that there is \$270,000 earmarked for Thirteen Mile Road work in the Major Road Fund fund balance.

Burry concurred that employee salary increases should be budgeted at 2% in lieu of one percent. He questioned the estimated increase in the cost of health insurance.

Wisowaty explained that the budget currently reflects a 10% premium increase in health insurance costs for retirees and full-time employees. The Blue Cross organization has estimated an increase of 13%-22% in insurance costs. Wisowaty related recent attempts to obtain firm information from the Village's insurance agent with respect to Blue Cross/Blue Shield rates. A determination of the Village's rate structure will be forthcoming.

Director Woodard stated that the budget included capital purchases for the public safety department in the amount of \$39,000. The items included in that line item were a grant match for SCBA equipment of \$20,000; a speed display device for Village roads at \$3,000; a station camera system at a net cost of \$16,000 (less grant money). Proposed budget reductions noted in the April 18, 2006 memo would eliminate the station camera system and the speed control device. Due to receipt of specific fees and quantities from the vendor for the SCBA grant process, that amount of the grant match has been increased to \$28,000. This creates an \$11,000 net decrease in the capital purchases account.

Comments and questions from Council on the proposed reductions in the capital budget were addressed by Woodard. It was mentioned that administration is always looking at alternative funding options that may be available.

Rijnovean expressed the hope that the Village would proceed with researching the possibility of outsourcing its dispatch services. Woodard responded that the topic of joint dispatch services will be explored if that direction is received from Council.

Woodard was asked to elaborate on the proposed reduction of public safety part-time wages by \$10,000. He explained that account #101-345-703 covers part-time wages for a part-time dispatcher, a state maintenance employee, and a records copy clerk. It also funds dispatcher overtime. The draft budget included a \$10,000 increase over last year's budgeted amount, which has been eliminated in the department's effort to control expenses.

Motion by Woodrow, second by Burry, to direct administration to implement changes to the 2006/07 budget as outlined in the April 18, 2006 memo to Council less the reduction in employee salaries from 2% to 1%. Council approves suggested changes from Director Woodard with respect to capital purchases and overtime expenditures and a change in the amount budgeted for health care insurance premiums.

The net reduction to the budget with these changes will be \$21,000. Wiszowaty stated that this amount will be split into a number of departments to increase the amount budgeted for health insurance costs for retirees and active employees.

Questions from Council regarding the motion were addressed by Wiszowaty and Spallasso.

Pfeifer expressed concern that a decision is being made in haste without due consideration of the impact. She mentioned that Council will be looking at other cost saving items such as tuition reimbursement, but not with a mind to implement changes in this budget. Woodrow concurred that Council can tweak employment and contract issues at a later date and make budget amendments.

Burry stated that Council can proceed with the changes outlined in the motion and still propose further revisions to the budget before it is approved.

Rijnovean asked that the Council President restate each motion before it is voted on as a regular procedure. According to Roberts Rules of Order, the Council President should also indicate how many votes are required to pass a motion.

Taylor stated that he would favor a motion to budget for a 1.5% salary increase for all employees, which would send the right signal to the residents. Rijnovean also supported a 1.5% salary increase. She pointed out that a number of communities have a separate pay scale for public safety and office staff. Council is in the position to make financial adjustments that are in the best interest of residents.

Spallasso read an email from Council member Koss, who could not be present tonight. Koss indicated that she would be in favor of action to remove the previous vote of Council to deduct \$50,000 from the General Fund and to revert back to the budget in place on Monday, April 17, 2006.

Comments and questions from the following residents were addressed by Council and administration. Other topics raised included: budget amendments, escalating employee-related costs, union versus non-union employees, maintaining the current level of service, concern about cutting staff, and public safety department wages.

Bunker Kelly	21526 Corsaut
Rose McLennan	19977 Sunnyslope
Norm Downey	23042 Nottingham Drive

Roll Call Vote:

Pfeifer	- yes
Rijnovean	- no
Taylor	- no
Walsh	- yes
Woodrow	- yes
Burry	- yes

Motion passed (4 – 2).

Spallasso stated that the Council is considering approval of an ordinance amendment that reflects that it is the responsibility of abutting property owners to maintain the sidewalk. He asked for a consensus on how much money to take out of the \$35,000 Pedestrian Path capital line item. Spallasso recommended that Council retain \$10,000-\$12,000 of this amount to be used for sidewalk grinding in order to prevent hazardous safety situations.

Spallasso also asked Council to consider setting aside money from this account to conduct an inventory of current sidewalk conditions as a basis for initiating a Village-wide special assessment district for sidewalk repairs. The survey costs would ultimately be covered by the special assessment district. He mentioned that the Village could also borrow money from the Road Fund balance to cover the cost of a sidewalk inventory. Spallasso estimated the cost of the survey to be approximately \$20,000.

Motion by Woodrow, second by Pfeifer, to change the pedestrian path capital line item from \$35,000 to \$10,000, which will be earmarked for the grinding of sidewalk flags, and to move the remaining \$25,000 to the General Fund fund balance.

Questions on the process of grinding sidewalk flags using the scarifier were addressed by Spallasso. Walsh asked why the Village should continue to incur the expense of grinding sidewalk if the Village will no longer be responsible for the cost of sidewalk maintenance. Spallasso responded that grinding is the best and least costly way to handle a small sidewalk repair and eliminate a potential liability issue.

Council members discussed whether to shift the sidewalk grinding expense to the homeowner. Spallasso explained that there are administrative costs related to assessing a resident for work performed by the Village. The resident must be mailed a notice and given the opportunity to make the necessary repairs within 30 days. If the work is not done, the Village will do the grinding and bill the resident. Spallasso stated that the administrative cost of assessing the resident would exceed the cost to the Village of grinding a sidewalk flag.

Pfeifer stated that grinding down sidewalks has always been a temporary fix and a safety issue. To neglect this process in the interim before conducting a sidewalk repair program would make the Village vulnerable to liability issues.

Wisowaty researched last year's expenditures for sidewalk grinding, which he determined to be about \$6,700. Walsh made a friendly amendment to include a \$10,000 figure in lieu of \$15,000 in the motion, which was accepted by Woodrow.

A few residents had comments and questions regarding sidewalk grinding practices in other communities; ongoing sidewalk maintenance; cost of a sidewalk survey; and providing the grinding service for the good of the community: Leanne Toth of 21605 W. Thirteen Mile Road, Bunker Kelly of 21526 Corsaut, and Janet Mooney of 19111 Devonshire.

Roll Call Vote:

Motion passed (6 – 0).

Woodrow proposed that approximately \$5,000 of the \$25,000 cut from the pedestrian path capital line item be applied towards increasing the budgeted amount for health insurance costs to cover the projected 13% increase in premiums for retirees and active employees. The remaining \$20,000 would be applied to increase the Village's contribution to the retiree health care fund.

Walsh suggested transferring the \$25,000 from the sidewalk maintenance account into the Local Road Fund balance. Wiszowaty related that the Local Road Fund balance estimated for June 30, 2007 will be \$233,693.00, which is 29.81% of expenses. The Major Road Fund balance will be \$429,127.00 or 68.17% of expenses.

In light of a suggestion to increase the budgeted amount for health insurance costs, Burry proposed that consideration be given to requiring employees to share in the cost of health care increases. Taylor concurred that employees should share the cost of increases in health care premiums.

Woodrow responded that employee contributions to health care premiums is an item that is open for future discussion and Council action along with tuition reimbursement and other employee benefits. He did not think it was appropriate to consider action on employee benefits at this time noting that these are issues that the Village needs to negotiate with its employees.

Burry related figures associated with employee benefits including COLA allowances, longevity pay, health care increases, and salary increases.

Pfeifer agreed that Council will have to evaluate the entire employee salary and wage program and consider the impact versus the benefit of proposed changes. She noted that the Village is a service organization. This is a topic that deserves thorough discussion and consideration.

Rijnovean expressed the view that she does not see any reason why Council cannot continue to make changes to the budget at this time. She remarked that, not only do Village employees receive a salary increase, but they receive COLA and longevity pay.

Woodrow related that the expense line item in the budget would not change if Council required employees to pay a percentage of health care premium increases. Recouped costs from employees would be reflected in a revenue line item.

The following residents had questions and comments regarding upcoming changes in the employee benefit package: Janet Mooney of 19111 Devonshire, Soter Art Liberty of 20850 W. 13 Mile Road, and Bunker Kelly of 21526 Corsaut.

Motion by Woodrow, second by Rijnovean, that administration move whatever portion is needed from the \$25,000 reduced from the Capital-Pedestrian Path line item in order

to reach the budgeted health care increase at the 13% mark and to place the balance into the Retiree Health Care Fund.

Roll Call Vote:

Motion passed (6 – 0).

Motion by Burry, second by Walsh, that the Village of Beverly Hills non-union employees pay any health insurance premium increase over 10 percent.

At the request of Council, Wiszowaty outlined the four health care programs available to Village employees. He commented on the ramifications of the Health Care Reform Act.

Rijnovean suggested that Village employees be required to split increases in health care insurance costs with the Village.

Walsh asked for figures on how much an employee would have to pay depending on the amount of the insurance premium increase. Wiszowaty did not have that information available.

Woodrow expressed the opinion that Council is not prepared to examine and make a decision on employee contributions to health care costs at this time. This will be discussed once the numbers are available if it is the will of Council.

Wiszowaty stated that he and Spallasso have had discussions regarding employee benefits and cost sharing issues and are in the process of preparing a proposal for Council consideration.

Burry withdrew the motion with the intent to discuss the matter at another time.

Rijnovean asked that Council consider changing the policy of offering employees a cash amount if they opt out of receiving insurance benefits provided by the Village. It is the trend of municipalities not to offer this option. It was the sense of Council that this is part of employee contracts and will be the subject of a future discussion.

Walsh proposed Council consideration of tuition reimbursement for employees. Employees are attending classes, and taxpayers are paying for their Bachelor's and Master's degrees. Walsh stated that she has a problem with paying tuition for an employee to receive a Master's Degree, especially when their job description requires only a High School degree. She questioned whether there is a limit on the amount of tuition reimbursement paid by the Village.

Wiszowaty stated that money being spent on tuition reimbursement in the municipal office comes from General Administration, Account 101-248-958 Education and Training. He indicated that there is no monetary cap on this expenditure. Administration is looking into this program.

Walsh expressed the view that the person hired should have the degrees necessary for the job. She would support a limitation on tuition reimbursement. Walsh proposed that the budgeted amount of \$6,000 in the Education and Training account be reduced to \$4,500 this year. Spallasso stated that this could be done.

Rijnovean suggested that tuition reimbursement be eliminated because of the Village's financial situation. It is her view that it does not benefit the taxpayers to pay for an employee's college education whether it is a Bachelor's or Master's degree. She added that most employers that provide tuition reimbursement have a service requirement.

Spallasso informed Council that to eliminate tuition reimbursement entirely would affect union employees. He mentioned that there are currently two individuals using this program, and one is a contractual employee. Spallasso noted that administration already has some of these changes in the works.

Pfeifer related that the Village has an employee who has taken advantage of the tuition program, and the benefit has come back to the Village. She is concerned about the cost of this program and suggested reducing tuition reimbursement to a 50% benefit with an annual cap and rating it at a state college tuition rate.

Woodrow stated that this is more of a policy issue than a budgetary issue in terms of what Council would allow this budget item to be used for.

Motion by Walsh, second by Taylor, to reduce the amount proposed for the 2006/07 budget in the General Administration line item 101-248-958 Education and Training from \$6,000 to \$4,500.

Council and a member of the public had comments and questions on the motion.

Roll Call Vote:

Walsh	- yes
Woodrow	- no
Burry	- yes
Pfeifer	- no
Rijnovean	- yes
Taylor	- yes

Motion passed (4 – 2).

Walsh referred to the Community Action Programs section of the 2006/07 budget. It has been discussed previously that the Village is required to have contracts with organizations in order to budget contributions to groups such as Birmingham Youth Assistance and the Birmingham Community Coalition. Walsh is uncomfortable with budgeting specific amounts for these organizations without the contracts in hand. She proposed that the budget include an amount of \$4,000-\$4,500 to be used to contribute towards groups that provide contracts for community needs.

Pfeifer understands that both organizations will be present at the May 2 Council meeting prepared to answer questions and provide a contract for services rendered to the Village. She urged Council to defer considering a motion on these activities.

Motion by Walsh, second by Rijnovean, to combine the Birmingham Youth Assistance and Birmingham Community Coalition line items into one community action fund that would be contractually based to cover identified needs of Villagers and to limit that fund to \$4,500.

Taylor expressed concern with reducing contributions to these organizations by 20%. He recalled that money allocated to community service organizations was reduced by 10% in last year's budget. He would support a reduction of 10% or 15%.

Roll Call Vote:

Woodrow - no
Burry - yes
Pfeifer - no
Rijnovean - yes
Taylor - no
Walsh - yes

Motion failed (3 – 3).

Rijnovean proposed that Council consider reducing the amount of paid holidays for Village employees. Council discussed the suggestion and agreed that this was a policy issue and not a budget issue.

Rijnovean brought up an item in the Village Manager's contract regarding his longevity payment. She made the point that the contract is not in keeping with the Village's Policy and Procedure Manual.

Woodrow stated that Council has voted to approve the contract and forward it to the Village Manager to sign. It was noted that the Policy and Procedure Manual was not updated to include a union negotiated item. There is a need to update the manual.

Motion by Walsh, second by Rijnovean, to combine the Birmingham Youth Assistance and Birmingham Community Coalition line items into one community action fund that would be contractually based to cover identified needs of Villagers and that the budgeted amount be reduced from the combined total of \$6,414 to 15% of that amount or a reduction of \$1,000, whichever is less.

Roll Call Vote:

Burry - yes
Pfeifer - no
Rijnovean - yes
Taylor - yes

Walsh - yes
Woodrow - no

Motion passed (4 – 2).

There was a consensus of Council that \$1,500 representing a reduction in the Education and Training line item and approximately \$961 reduced from community action programs be placed into the General Fund fund balance.

Walsh questioned whether it is possible to make a motion to change the budget following the public hearing. She believes that it is extremely important to receive the input of Villagers. Spallasso stated that it is possible to make changes to the budget following the public hearing.

Motion by Pfeifer, second by Woodrow, to adjourn the meeting at 9:30 p.m.

Motion passed (6 – 0).

Dave Taylor
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary