

Present: President Stearn; President Pro-Tem Pfeifer, Members: Berndt, Koss, Oen, Peddie and Woodrow

Absent: None

Also Present: Village Manager, Spallasso
Finance Director, Wiszowaty
Director of Public Safety, Woodard
Public Works Director, Meszler
Building Official, Byrwa

President Stearn called the special Council meeting to order at 6:40 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

ADDITIONS TO AGENDA/APPROVE AGENDA

Motion by Oen, second by Woodrow, to approve the agenda as published.

Motion passed (7 – 0).

STUDY SESSION TO REVIEW FISCAL YEAR 2007/08 BUDGET

The draft budget before Council for review incorporates discussion and revisions suggested at the last budget study session held on March 27, 2007. Stearn mentioned that a copy of the proposed budget is available for public inspection at the Village offices during business hours.

Council proceeded with a comprehensive review of the draft budget document focusing on items singled out for questions or comments. Public comments were solicited throughout the budget discussion.

Stearn reviewed pie charts showing revenue sources, how property taxes are spent, and how the Village allocates money. The budget includes a section addressing budget policies. With respect to Capital Improvement budget policies, Stearn asked that administration focus on preparing a multi-year capital improvement plan over the next 3-6 months.

General Fund reserves are projected to be \$1,560,414, or 23% of the annual operating expenditures. The auditors recommend maintaining a fund balance of 15% to 25% in the General Fund. It was emphasized that funds will not be transferred from the General Fund balance in order to balance the proposed budget.

Wiszowaty stated that the Village received final numbers from the Oakland County Equalization Department indicating that the taxable value is \$589,269,800, which is slightly below the anticipated amount. A 3.7% increase in the Consumer Price Index was used for calculating the millage rate for the General and Local Street Funds. The final version of the budget will reflect a 3.62% increase in CPI, which will reduce revenue by approximately \$4,000 in the General Fund and \$400 in the Local Road Fund.

Questions from Council on revenue line items including interest on investments, cable television franchise fees, state revenue sharing, and building fund revenue were addressed by Wiszowaty.

Council reviewed expenditures by department. Questions and comments from Council in the areas of Village Council, Village Manager/Clerk, Village Finance, General Administration, and Building & Grounds Maintenance were addressed by Wiszowaty and Spallasso.

There followed a lengthy discussion on Public Safety Department funding. The current budget reflects staffing for 24 officers on the 12-hour shift schedule. Because collective bargaining agreements are not finalized at this point, budget numbers are subject to change. The specific issue was whether to provide funding for 24 or 25 sworn officers. At Council's request, administration has provided four PSD budget models:

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| Model 1 | Assumes 24 sworn officers (current budget) |
| Model 2 | Assumes 24 sworn officers with additional command promotions |
| Model 3 | Assumes 25 sworn officers |
| Model 4 | Assumes 25 sworn officers with additional command promotions |

Stearn noted that road patrol staffing will not change under either scenario. The Department would staff four shifts of five officers. The 25th officer would be placed in the detective bureau for investigation duties and would not be on the road. That detective could be assigned at some point to a DEA Task Force, which is a discussion for a future date. Stearn mentioned that the assumption is that command promotions would decrease overtime expenses.

Koss referred to the Operational Review of the Public Safety Department conducted in 2004, which proposed staffing the department with 24 sworn officers on 12-hour shifts and did not recommend adding an officer to the Detective Bureau. The Public Safety Department staff has recently been reduced from 25 to 24 officers due to attrition for the reason that a retired officer has not been replaced. Koss proposed continuing with 24 officers, based on the following: the Department is operating efficiently; the 25th officer would be assigned to the Detective Bureau and would not be out on the road, and; the concern with continued funding of a 25th officer in the coming years.

Pfeifer asked staffing questions, which were addressed by Director Woodard. Stearn questioned why additional money needed to cover short staffing of supervisors was not reflected in the budget. Inquiries into past practices in terms of staffing of shifts and the Detective Bureau were addressed by Woodard.

Berndt had questions and comments on pattern crime in the Village and statistics on rental property and vacant homes. He remarked that Beverly Hills is in the center of an urban environment. Berndt questioned whether this is the time to decrease the department to 24 sworn officers when intelligence will be playing a more important part in gathering information to stop crime and protect citizens long-term.

Peddie was concerned about whether the Village could afford to maintain funding for a 25th officer in this economic downturn. She believed that there is intelligence gathering whether or not there is a detective bureau.

Director Woodard stated that the fiscal element has to be weighed against the operational concerns that he has outlined.

Woodrow did not think Council should have input in terms of command positions. The only viable options appear to be Model 2 (24 sworn officers with command promotions) or Model 4 (25 sworn officers with command promotions). He stated that the difference in cost between Model 2 and Model 4 has been estimated to be \$82,000 for an additional officer. Comparing the current year's budget to the proposed budget with 25 officers, there is a \$29,000 increase in cost anticipated for the overall department. Woodrow expressed the view that the Village could afford the 25th officer without reducing other services this community offers its residents.

Woodrow commented that the 2004 operational review of the Public Safety Department was analyzed by members of the sitting Council and the Director in terms of suggestions that would work for Beverly Hills. There was not support at the time to reduce the staff to 24 officers. Woodrow asserted that Council would be doing the community a disservice by budgeting for 24 officers when it has budgeted for 25 officers in the past. He expressed concern about the effect on service if the staff is decreased further in the future for an unforeseen reason.

Oen stated that he is comfortable with 24 officers and suggested making promotions to staff the shifts properly and save on overtime expenses. Questions on the time frame for hiring an officer were addressed by Woodard.

Bob Walsh of 20655 Smallwood Court expressed the view that the Public Safety Department should remain staffed with 24 sworn officers. He had comments and questions on command staffing, which was not a topic of discussion at this time.

Norman Rubin of 31020 Rivers Edge Court had comments and questions on health care costs, which were addressed by Wiszowaty.

Kathleen Berwick of 31381 Kennoway Court expressed opposition to budgeting for a 25th officer and questioned the need for promotions.

There was further deliberation by members of Council on the question of budgeting for 24 or 25 public safety officers. Some members of Council were decided on the issue and others indicated a need to be further convinced of the necessity to staff the department with 25 sworn officers. The majority of Council agreed that a dual command is needed because of vacation and sick time. Overtime is paid for the required command staffing if there is not a replacement available.

A recess was called at 8:20 p.m. The meeting reconvened at 8:28 p.m.

There was a question on the procedure for adoption of the budget. The Village Charter states that the budget must be adopted on or before the second regularly scheduled meeting in May. A public hearing on the budget is scheduled for Tuesday, May 1.

There was agreement to direct administration on how to proceed with budget preparations based on a consensus of Council. A majority of Council members were in favor of including funding for promotions in the Public Safety Department budget. The majority of Council members were also in favor of funding a staffing level of 24 sworn officers in the proposed budget. It was stated that the Public Safety Department budget can be discussed further at the next Council meeting. Stearn mentioned that Council can add funding for a 25th officer by amending the budget at some point in the future.

Wisowaty referred to Account #101-345-718 Retirement Expense. He received information today on the current actuarial study conducted by Gabriel Roeder, which determined this year's contribution to the Public Safety Retirement System to be \$242,369, or \$14,775 less than the contribution made in the last fiscal year. The budget will be adjusted to reflect the required contribution.

Stearn stated that it has been proposed to reduce the General Fund contribution to the Local Street Fund by \$100,000 and make up that difference by transferring \$100,000 from the Major Road Fund balance to the Local Street Fund. The resulting General Fund Budget surplus of \$83,548 could be allocated towards the Retiree Health Care Fund. It was the consensus of the majority of Council members to make these adjustments to the 2007/08 budget.

Building and Planning Department line items were reviewed. It was noted that \$7,500 was added to the Planning & Engineering consultant account towards the Southfield Road Corridor study. However, the Village is looking into the possibility of funding this study through other means.

It was questioned whether it is necessary to budget funds for the planning consultant to conduct a technical review to identify outdated ordinances that need updating or clarification. It was explained that there are contradictions and conflicts in ordinances that should be addressed. The cost/benefit aspect of the work program was discussed. Administration will monitor this activity.

In the area of Public Services, Stearn congratulated administration on saving \$64,000 in rubbish disposal costs.

Community action programs were reviewed. A suggestion to consider increasing the contribution towards the Birmingham 4th of July fireworks display was not supported by a majority of Council. A majority of Council members agreed to increase the amount in the contracted contribution line item in order to provide additional funding for service contracts provided by the Birmingham Youth Assistance Committee and Birmingham Community Coalition.

Wisowaty remarked that the Library contribution will be adjusted to reflect the 3.62% increase in taxable value.

Capital purchases were discussed. Resident Norman Rubin expressed concern that there has been no funding towards the fire truck replacement for multiple years. There followed discussion on the life of the fire apparatus, repairs, and the cost for replacement or refurbishment of the tower truck. It was indicated that the Village will be pursuing a grant opportunity for fire truck replacement. Spallasso stated that administration will address repairs and refurbishment of the tower truck if the Village does not succeed in securing a grant.

There is currently \$65,000 in the Fire Truck Reserve Fund (Acct. 101-900-978). Council was in agreement to budget \$15,000 in that fund for 2007/08. The \$15,000 will come out of funds that were allocated towards retiree health care, decreasing that budgeted amount to about \$70,000.

Questions on the Major Road Fund budget were addressed by Spallasso. He requested that the budget be adjusted to move \$150,000 from the Major Road Fund reserves to account #810.02 for asphalt resurfacing. This omission in the proposed budget was due to an oversight. Council concurred with this change.

Council reviewed budgets for the Local Street Fund, Drug Law Enforcement Fund, Retiree Health Care, Vacation Reserve Fund, Sick Leave Fund, and Long Term Debt. Information and clarification was provided by Wiszowaty. There was a consensus of Council to add \$70,000 to the Retiree Health Care Fund.

The Water & Sewer Fund Budget was reviewed. Spallasso provided an explanation as to what the Village is charged for water and what it charges its residents. There was concern that money be captured for capital expenses for future sewer repair. Spallasso stated that water and sewer rates were adjusted a few years ago with the intent of building up a fund for sewer maintenance. Wiszowaty referred to the depreciation expense indicated in the 2007/08 Water and Sewer Fund budget, which is money that goes toward capital improvements. Depreciation expenses can be reinvested into the fund on an annual basis.

Stearn asked administration to prepare an analysis to determine whether the depreciation expense is the correct amount for future maintenance of water and sewer infrastructure. He requested a multi-year plan for water and sewer needs.

PUBLIC COMMENTS

None

COUNCIL COMMENTS

None

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

Motion passed (7 – 0).

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary