

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

Absent: None

Also Present: Manager, Spallasso
Director of Public Safety, Woodard
Finance Director, Wiszowaty

President Woodrow called the special Council meeting to order at 7:05 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road. The purpose of the meeting is to review the proposed budget for 2008/09.

ADDITIONS TO AGENDA/APPROVE AGENDA

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

Motion passed.

STUDY SESSION TO REVIEW FISCAL YEAR 2008/09 BUDGET

At its April 8, 2008 budget meeting, Council asked administration to make several changes to the draft budget. Woodrow reviewed the changes and updated information incorporated into the revised budget as outlined in a memo dated April 29 from Finance Director Wiszowaty.

The projected millage rate is as follows:

General Operating	9.2489
General Operating – Roads	0.1312
Voted – CSO	0.6347
Voted – Dedicated	<u>1.7181</u>
Total	11.7329

This is the tenth consecutive year the combined Village millage has decreased.

GENERAL FUND – REVENUES

The draft budget distributed on Tuesday April 1, 2008 included assumptions that the Village Council approved on January 22, 2008. Originally, the taxable value was reduced by 1% to \$583,377,102. The revised taxable value increased by 1.15% to \$596,058,110. It was noted that the C.P.I. was 2.3%. The Village lost 50% of its Taxable Value increase due to the current weak economy. The additional 1.15% would have added \$62,568 to property tax revenue. The anticipated property tax revenue will be \$5,512,883 plus \$15,000 for penalties.

The revised State Shared Revenue will increase by \$4,885 from earlier projections. The State added 4% to the Statutory portion. Total SRS revenue will be \$828,747; this is \$259,689 less than the Village's peak year of 2000. The revenue from Birmingham Board of Education will increase by \$9,390 due to a new assignment of an Officer with higher fringe benefit cost.

The contribution from Fund Balance is projected to be \$78,203 as opposed to the \$487,959 in the previous draft budget. The Fund Balance will decrease to 19% of expenses.

Village property tax	76.33%	\$5,527,883
State shared revenue	11.47%	\$830,747
Charges for services	5.66%	\$409,826
Interest	0.95%	\$68,571
Contribution f/fund balance	1.08%	\$78,203
Licenses & permit fees	2.21%	\$159,940
Other income	1.43%	\$103,454
District court fines	0.87%	\$63,000
Total Revenue	100.00%	\$7,241,624

GENERAL FUND – EXPENSES

The projected expenses for General Fund will be \$7,241,624.

Village council	0.81%	\$58,797
Village manager/clerk	3.69%	\$267,509
Village finance	3.62%	\$261,810
General administration	3.92%	\$283,989
Building & grounds	0.62%	\$44,545
Public safety	60.25%	\$4,362,768
Public services	12.10%	\$876,046
Building & planning	3.76%	\$272,052
Community action programs	0.97%	\$70,513
Library contribution	7.56%	\$547,395
Capital purchases	2.71%	\$196,200
Total Expenses	100.00%	\$7,241,624

Health Insurance has been adjusted based on the changes that were negotiated in the new contracts. The increase from the preceding year was 11% to 12% against the 15% in the draft budget. The net savings is \$52,926. The draft budget did not allocate any additional money to Retiree Health Care. In the revised budget, administration has allocated \$52,645 above actual cost to the Fund.

The School Liaison Department has increased by 15%. This is due to a new officer assignment to Birmingham Schools who is getting married next month. The current officer had opted out of our health insurance. As a reminder, 50% of these costs are reimbursed and included in Revenues as indicated earlier.

The Village has received the Public Safety Pension Contribution number. Our contribution is \$263,733, or a \$21,364 (8.81%) increase from the preceding year. The percentage of payroll

increased from 14.09% to 14.40% (after funding credits) due to the DROP plan. Also, covered payroll increased over \$100,000.

The Library Millage is 1.077 as reduced by Headlee (MRF=.8527). The net millage number is 0.9184 mills.

The Village is a service organization. Nearly 70% of its cost is personnel, fringe benefits, retiree health care, etc. Most of the department expenses have decreased this year.

MAJOR ROAD FUND

The Major Road Fund Budget decreased from \$897,856 to \$862,226 (\$35,863). On the revenue side, the only change was a reduction in the Contribution from Fund Balance to \$402,062. The projected Fund Balance at June 30, 2009 would be \$444,575 or 51.56% of the current budget.

The expenses for the Major Road Fund also changed. The expense for Resurfacing Asphalt of \$146,308 was eliminated. The Oakland County Tri-Party contribution was also decreased by \$25,000. Concrete Construction was increased by \$25,350 to \$55,350 and the transfer to the Local Street Fund was revised from \$0 to \$110,328.

LOCAL STREET FUND

The Local Street Fund Budget decreased from \$580,712 to \$516,549. The Charter Millage contribution was reduced from .6320 mills to .1312 mills or a difference of \$290,491. The revenue shortfall was made up from the Contribution from the Major Road Fund of \$110,328 and a reduction of the Fund Balance of \$116,000 to 22.99%.

The expenses for the Local Street Fund were reduced by \$64,163. The expense for Resurfacing Asphalt of \$122,366 was eliminated. The expense for Replacing Concrete was increased from \$60,000 to \$118,203.

RETIREE HEALTH CARE

The Retiree Health Care Budget was revised. The total revenues increased from \$665,955 to \$697,415 (\$31,460). This is due to the Village contribution to the fund of \$52,645 less the actual cost of premiums. The expense of the Retiree Health Care Fund also decreased by \$21,185. This is due to premiums for the 2008/2009 fiscal year increasing 11% to 12% against the 15% that was originally anticipated.

Council discussion

Stearn thanked administration for preparing a revised budget that does a better job of containing costs and using the fund balance while maintaining reserves. He had comments concerning the Major and Local Road Fund budgets. Stearn questioned why administration increased the budget for concrete replacement by \$60,000 and eliminated the \$122,000 budgeted for asphalt resurfacing. He proposed including an asphalt resurfacing budget amount for major and local roads of \$100,000-\$150,000 in order to continue resurfacing repairs to prevent deterioration of roads.

Spallasso responded that there is a need for additional concrete repairs primarily on Thirteen Mile Road in front of Groves High School where the road is deteriorating. It is optimal to replace a substantial segment of concrete at one time in order to have a consistent surface for a good-sized segment of road. In response to an inquiry, Spallasso stated that a \$150,000 project will bring in competition and good unit prices under current economic conditions.

There followed discussion on road maintenance needs. Spallasso related that the Village did some catching up on road resurfacing in the last couple of years. Based on the current road inventory, most Village streets are in an acceptable category in terms of road maintenance. Spallasso added that there is justification for resurfacing some roads in the Village that are in the lower rated category. Whether Council wants to continue asphalt resurfacing maintenance to prolong the life expectancy of roads is a matter of policy. If Council decides to move money from the fund balance for asphalt resurfacing, administration will determine which segments of roads could use maintenance based on the inventory.

Wisowaty stated that using \$150,000 from the Major Road Fund balance would result in decreasing the fund balance from a 51.56% level to 28% of expenses, or \$294,575. There was a consensus of Council to transfer \$150,000 from the Major Road Fund balance to the Major Road Fund budget for asphalt resurfacing. Spallasso estimated that this amount will resurface approximately one mile of road.

Frank Worrell provided some history on the contribution from the General Fund to the Road Fund budget and how past Councils addressed road maintenance. He urged Council to budget some amount of money for asphalt resurfacing to keep Village roads from deteriorating.

Mary Lou Flatter of Waltham of 31455 Waltham expressed the view that the Village is paying too much for use of the Baldwin Public Library in an amount in excess of \$500,000 this year. She thought that the budget should focus on items essential to the Village such as roads. Flatter was informed that the contract with Baldwin Library could be terminated with a two-year notice. This Council has decided not to pursue ending the contract for library service. Council commented on other options that have been pursued without success in terms of library service.

Flatter suggested that the Village consider reductions in health care costs by requiring employee co-pays. Council related that a number of Beverly Hills employees have union contracts that require collective bargaining negotiations in order to make changes. Council has been moving towards bringing costs down and negotiating changes in the contracts, but there is nothing further that can be done to reduce health care costs in the proposed budget.

Spallasso pointed out that the Village has taken steps to reduce health care costs and has saved on health care coverage for employees as a result of recent contract negotiations. A changed benefit package has been developed for new employees. The Village is taking it a step at a time.

Bob Walsh of 20655 Smallwood Court agreed with budgeting \$150,000 for asphalt resurfacing.

Motion by Stearn, second by Koss, to transfer \$150,000 from the Major Road Fund balance to the Major Road Fund asphalt resurfacing account with instruction to administration to allocate money for resurfacing programs between the Major and Local Road Funds as needed.

Motion passed (7 – 0).

In response to an inquiry from Pfeifer, Wiszowaty explained the line item “Overtime Net” in the Public Safety Department budget. The Village anticipates obtaining state grant money to defray a portion of overtime incurred by the 25th officer who will be part of the Oakland County Narcotics Enforcement Team. The line item will serve as a separate account for this expense.

Jim O’Reilly, Chairperson of the Parks and Recreation Board, requested that Council budget money in a capital improvement account to be used to maintain the park facilities into the future. He distributed a capital improvement chart that provided an inventory of items in the park, initial costs, the life expectancy of each item, projected replacement cost and year, as well as a schedule for an annual capital improvement budget to address future needs.

O’Reilly stated that he understood that money is tight. However, the Village spent over \$700,000 to improve the park at the request of Beverly Hills citizens who voted to tax themselves to accomplish this. The park dedicated millage has expired, and the Parks and Recreation Board recommends that Council anticipate the need to set aside money on an annual basis in order to maintain the existing park facilities and address future needs.

There is approximately \$115,000 remaining in the dedicated millage account, which has been allocated and will be spent by next year on scheduled improvements to the tennis courts, south baseball diamond, and landscaping. Bids for tennis court and fencing improvements were received last week in the amount of \$45,000-\$55,000. It is anticipated that \$30,000 will be spent on the Little League diamond next year. The balance (\$20,000-\$30,000) is earmarked for landscaping needs in the park along Allerton Drive, on the sled hill, surrounding the pavilion, and in other areas of the park. The Parks and Recreation Board urged Council to allocate funds to maintain the park at least in its current condition and anticipate future needs.

Council members discussed the capital improvement budget submitted by the Parks and Recreation Board. Stearn thought that the capital improvement chart was helpful in determining what it will cost to maintain park facilities. Beverly Park is well used and should be sustained so it does not deteriorate over the years. He thinks that at least \$30,000 should be allocated for capital improvements to the park in this year’s budget. Stearn noted that there is work needed on the sled hill to keep it safe.

There was agreement among Council members that money should be allocated towards maintaining the park on an annual basis. After some discussion, Wiszowaty indicated that there is a Capital Projects Fund that contains money collected from Park Improvement fees, which are fees paid by people who reserve the pavilion. The money collected from these fees has been going into a Park Improvement/Equipment Fund balance. There is \$23,000 in the fund as of June

30, 2007, less some expenditures for work on the dugouts. It is anticipated that approximately \$6,000 in Park improvement money will be transferred to this fund in 2008.

Council members were comfortable with the fact that there is some money being reserved for park capital improvements. Peddie observed that the park is well used and should be maintained into the future. She suggested that Council consider allocating any additional money that becomes available towards maintaining Beverly Park.

Koss remarked that there are many other items that need to be funded including fire truck replacement. The proposed budget will result in a 19% fund balance in the General Fund. This Council needs to start having conversations about how it will balance the budget in future years. She suggested that the Village take another look at outsourcing its dispatch department to help defray costs.

Woodrow summarized that Council voted on a modification to the proposed budget, which will be incorporated into the document that will be discussed at a public hearing scheduled for May 6, 2008 and considered for approval.

PUBLIC COMMENTS

Norm Downey of 23042 Nottingham Drive thanked Council for its work on the budget. He asked for justification and explanation for including over \$100,000 in the budget for a public safety officer who will be designated to serve on an outside task force. Downey mentioned that Oak Park withdrew its representative from the Oakland County Narcotics Enforcement Team.

Woodrow responded that Council has discussed this at length at Council meetings before passing a motion to hire a 25th officer for this purpose. The subject is not part of tonight's budget discussion.

Bob Walsh commented that there is more than \$100,000 budgeted to support the 25th officer. He stated that only 11 out of 62 communities in the County participate in the Oakland County Narcotics Enforcement Team. Walsh addressed health care costs. An inquiry on the percentage increases indicated in health care budget items was addressed by Wiszowaty, who stated that contract changes and new policies that will take effect on May 15 are built into the proposed budget. Questions and comments related to Public Safety budget items were addressed by Director Woodard.

COUNCIL COMMENTS

Peddie expressed the view that Council should explore the potential for combining dispatch services with neighboring communities.

Woodrow stated that he was part of a subcommittee of the previous Council that attempted to consolidate dispatch services with the City of Birmingham. Council voted against a proposal that resulted from those negotiations. He would be amenable to another member of Council heading a subcommittee to pursue an agreement for combined dispatch services.

Council discussed the concept of consolidating dispatch services either in terms of another community delivering dispatch service for the Village or the option of Beverly Hills providing services for a neighboring community. Director Woodard remarked that Department staff talks to people from other departments on a continuing basis on the topic of sharing dispatch services.

There was not a consensus of Council in terms of specific direction to administration on the topic of combining dispatch services. Koss proposed bringing this topic to the Council table in the form of a discussion item at an upcoming meeting.

Motion by Pfeifer, second by Oen, to adjourn the meeting at 8:57 p.m.

Motion passed.

Hugh Woodrow
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary