

Present: President Stearn; President Pro-Tem Koss; Members: Berndt, Briggs, Mooney and Peddie

Absent: Oen

Also Present: Manager, Wilson
Finance Director, Wiszowaty
Director of Public Safety, Woodard
Building Official, Byrwa

President Stearn called the special Council meeting to order at 7:35 p.m. The meeting was held to re-examine the 2008/09 Village of Beverly Hills budget due to the failure of the November millage restoration proposal. The budget was adopted with the expectation that the electorate would approve the ballot proposal so as to preserve existing community services.

ADDITIONS TO AGENDA/APPROVE AGENDA

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

Motion passed (6 – 0).

REVIEW AND CONSIDER AMENDMENTS TO FY 2008/09 BUDGET

Manager Wilson referred to a memo from Public Services Director Tom Meszler listing possible budget cuts for the present fiscal year. These cutbacks include: eliminate fertilization of grass in the park and at municipal site (\$3,000); reduce the frequency of mowing the park (\$10,000); eliminate mowing/maintenance of islands on local streets (\$12,500); reduce River Rouge maintenance (\$5,000); eliminate spraying for Gypsy Moths (\$3,000). These savings would total about \$24,600 for the current year.

Wilson related that he has been discussing a possible change in the Village's employment relationship with Public Services Director Tom Meszler. Meszler has indicated a willingness to go on a part-time contractual basis if Council agrees. Wilson thought that the workload could be handled by Meszler on a 60% basis with assistance from him and possibly Comeau Equipment Company. The potential savings from proposed cuts in public services line items along with a reduced work schedule for the Public Services Director would total approximately \$60,000 on an annual basis.

Council members discussed proposed budget cuts in the public services area. It was noted that the Village cannot violate its own codes and ordinances in terms of budget cuts. With regard to the Public Service Director's employment status, Wilson affirmed that Meszler is in agreement with the concept of going on a part-time, contract basis.

Mooney remarked that a review of the current budget could result in only a 1% savings if Council implemented proposed public service budget cuts and reduced the employment status of the Public Services Director. He questioned whether Council could cut its way out of the Village's financial problems. Wilson was in agreement that the Village is a service organization. Until Council implements reductions in manpower and services, these are the kinds of cuts that Council is considering.

Mooney proposed that Council could transfer \$78,000 from the General Fund balance to cover anticipated expenses in fiscal year 2008/09 and keep everything essentially the same through June 30, 2009. Wilson expected that the deficit could be handled administratively for the remainder of the fiscal year through the process of implementing more regular budget amendments and initiating some of the proposed budget cuts.

Stearn agreed that Council will have to address revenue issues, but the purpose of this meeting is to focus on the current budget. Manager Wilson has proposed cuts in public service line items and possibly eliminating a full-time Public Services Director position. A memo from the Manager dated January 14 contains further ideas to address the General Fund deficit either in the current or in subsequent budgets. Wilson proposed seeking cost savings in the form of union contract concessions in the areas of wages, pensions, health care, and fringe benefits. Stearn stated that a Council negotiating team (Stearn, Peddie and Koss) will meet on January 26 with Wilson to discuss how to approach and work together with Village labor unions.

Other ideas listed in the manager's memo include: contracting with other communities for services where possible; fees for services, particularly garbage collection and a separate dedicated millage for library service; dedicating a portion of current General Fund operating millage for Public Safety, which would remove the funding of public safety from the General Fund.

Wilson explained that it would benefit the Village and the Public Safety Department to dedicate a specific portion of the operating millage to a separate public safety fund along with other general fund revenues such as state revenue sharing as well as revenue generated by the Department through funds and tickets. Major accounting changes would have to occur in order to separate public safety in particular from the general fund and dedicate a specific revenue source for public safety. This would help to protect public safety funding and allow the Village to separate those costs from other administrative costs for finance, administration, building department services, clerk services, etc.

Council discussed the concept of dedicating a portion of the current General Fund operating millage for public safety. It was suggested that residents want to know what they are paying for. When it comes time for a necessary revenue increase, it would be specific to the Public Safety Department. Stearn asked Council members to start thinking about whether this is something that could possibly work. In the process of reviewing the 2008/09 budget to determine possible cuts, ideas have come forth on how to restructure when Council gets into the 2009/10 budget discussions.

Stearn questioned whether the Village could function with a part-time Public Services Director. Wilson responded that the key would be to structure a contractual arrangement that would give both the Village and Tom Meszler the flexibility to be here as much as he needs to be. Mr. Meszler is agreeable to this, and his experience and knowledge are a valuable consideration. Wilson will discuss this proposal with Village Attorney Ryan.

Motion by Berndt, second by Koss, to direct the Village Manager to investigate the feasibility of changing the employment status of Public Services Director Tom Meszler to a part-time, contractual basis and submit this analysis to Council for consideration.

Roll Call Vote:

Motion passed (6 – 0).

Stearn asked Council and the public for suggestions on cuts to the 2008/09 budget. There were no suggestions or comments from members of the public.

Berndt stated that area communities charge a separate fee for rubbish collection, which Beverly Hills has the authority to do. Berndt commented that the Village as a whole pays to mow the grass on local islands and green spaces in certain subdivisions. Residents of those neighborhoods could be given a choice to maintain the islands themselves or pay to have it done. This could save the Village \$12,000.

Berndt talked about GASB accounting standards that require the Village to calculate its post employment benefit funding. Health care costs are skyrocketing, and reserves will be needed to address these liabilities. It is a good idea to pre-fund these obligations; unfortunately, these accounting standards fall at a time when there is a national economic crisis.

Motion by Berndt, second by Briggs, to eliminate Village mowing of local islands and green spaces and to delegate that responsibility to homeowner associations. Administration is directed to notify neighborhood associations of this policy change.

Roll Call Vote:

Stearn	- yes
Berndt	- yes
Briggs	- yes
Koss	- no
Mooney	- no
Peddie	- no

Motion failed (3 – 3).

Briggs asked how much could be saved by not publishing the Villager newsletter for the remainder of this year. The cost was estimated to be about \$2,000.

Motion by Briggs, second by Berndt, to eliminate the final two Villager newsletters for the 2008/09 fiscal year.

Motion failed (6 – 0).

Stearn proposed discussion of the 25th Public Safety Officer assigned to the Oakland County Narcotics Enforcement Team. Koss requested specific information on the cost of the officer assigned to NET in terms of training, overtime, vehicle, etc, and how the position has benefited the community. Peddie would like to know what monetary return other communities have received from their NET officers.

Motion by Koss, second by Peddie, to direct administration to provide Council with a detailed memorandum on the public safety officer who participates in the Oakland County Narcotics Enforcement Team for the first meeting in February.

Yes – Berndt, Briggs, Koss, Peddie and Stearn

No – Mooney

Motion passed (5 – 1).

Mooney expressed the view that the Public Safety Director has better things to do than provide this report.

Berndt proposed a motion that Council support enforcement of the ordinance provision that prohibits dumping of snow in a public right-of-way when it necessitates the Village to re-plow streets. He suggested that Council direct the Public Safety Department to enforce this ordinance and consult with the Village Attorney on appropriate fees to recover costs. There was no support for this action.

Wilson requested Council authority to pursue, where possible, buyouts of employees as opposed to laying off by contract and therefore removing the person with the least amount of seniority. The cost savings would be greater if the Village could negotiate a buyout package with other senior employees who may be willing to retire. He asked for the flexibility to pursue that option as opposed to mandating layoffs per contract of least senior employees.

Motion by Berndt, second by Koss, to authorize administration to investigate buyouts of employees.

Motion passed (6 – 0).

John Mooney commented that drastic cuts in the budget such as a four-day work week, non-union salary cuts, and layoff of police officers would transform Beverly Hills into a community that is not the Village in which almost all of its citizens want to live.

Koss suggested that it would be difficult to negotiate concessions with employees in terms of paying more for health insurance if the Village went to a four-day work week. Stearn directed administration to prepare a memorandum on the cost savings of going to a four-day work week. Administration was also asked to explore employee contributions to health insurance and the savings to the Village.

Stearn related that the Village has received notice from the Village Woman's Club of the likely cancellation of the Memorial Day parade and carnival due to both financial and manpower constraints. He proposed that Council announce this at its next regular meeting and attempt to assemble community support to continue the event.

Peddie asked that Council provide more exposure to the efforts of the Public Safety Department to revitalize the Neighborhood Watch program. Peddie suggested bringing back Council consideration of a landlord tenant ordinance that would require registration of rental property. The number of rental homes in the Village is increasing. Stearn will place this item on a future Council agenda.

Public Safety Director Woodard informed Council that \$17,000-\$18,000 will not be spent in the capital budget for public safety. Woodard was asked about overtime expenses, and he related the

reasons for increased overtime costs. The Department is short two people on the road due to workers' compensation. In response to an inquiry, Woodard said that contracts at the officer and command levels prohibit the contracting of employees that would replace public safety officers.

Wilson referred to an item in his memo to Council relative to implementing a budget amendment procedure this year with members of administration that will help address General Fund operating deficit for the current year administratively.

There followed discussion of possible reductions in the Building Department. Berndt proposed eliminating the budget for the planning consultant. Koss questioned the feasibility of operating a part-time building department. Wilson stated that the building department consists of two employees, the building official and a secretarial person. Any serious cuts would result in going to a part-time building department.

Building Official Dave Byrwa stated that the Village is in the business of providing service to its residents. Building permits are down in all communities. However, there are other functions handled through his office including signs, site plans, setback inquiries, ordinance information and enforcement. Contractors come into the office daily, and there are numerous phone calls from residents with requests for information directed to the Building Department.

Stearn requested an analysis from administration by the first meeting in February on the feasibility and cost of operating a part-time building department. Wilson was of the opinion that a part-time building department would be problematic and a public relations disaster. He suggesting providing a full-time building department staffed at some level or contracting out for services. Wilson will provide Council with a memo outlining options for the building department.

Mooney questioned the premise that there has to be cuts in the current budget because the ballot issue failed. He proposed using the fund balance to make up the deficit and balance the budget this year. Mooney stated that the number of non-public safety employees has remained constant throughout the history of the Village. There may even be less employees currently. Beverly Hills was one of the first communities that privatized its Public Works Department. It has a Public Safety Department. Beverly Hills has run a tight ship over the past 30 years or more.

Mooney proposed educating the people of the community on the Village's financial difficulties so they will want to pay the amount of taxes necessary to make sure that Beverly Hills functions appropriately. It will probably require another 3-4 mills. If the problems facing the Village and the need for increased revenue is explained, there can be a reasonable conclusion on the right amount of money residents should pay. The Village Finance Committee has offered to assist with the education of the electorate on the Village's financial situation.

Stearn thought that it would be difficult for people to agree to pay more taxes in this economic climate. People may be willing to pay more money if community services are not provided.

Briggs proposed that Village departments do a better job of demonstrating the value of services that the Village commonly delivers. He suggested regular reports to Council and the public on the value residents receive for their dollar.

Wilson stated that, from a business management perspective, administration is being asked to provide public safety, a building department, rubbish collection, parks, public services and library service with revenue that is marginally inadequate now and will be altogether inadequate in a few years. This is the reason for his proposal that the Village move now to dedicate funding for public safety and begin looking at other obligations such as the library, which is contractual. It will make convincing the public easier if Council can request dedicated funding for public safety; or a contract amount for library service; or whatever funding is needed to provide some basic level of services for the parks. Public education will be straightforward. Governments operate this way in many instances. Dedicating a portion of the operating millage protects vital services and may allow some flexibility if additional revenue can be found to fund services. Wilson proposed that this is a good first step to begin to dedicate funds to protect vital services and move from there to look at other services provided by the Village.

PUBLIC COMMENTS

Westerlund thought that budget cuts need to be noticeable and affect all residents rather than a specific segment of the community.

Lanigan stated that the Village currently requires building contractors to register with the Village. He suggested that snow plow companies be required to register and show that they have liability insurance. Lanigan proposed that public safety department employees furnish their own clothing.

COUNCIL COMMENTS

Mooney stated that this budget cutting exercise will pale in comparison to the budget deliberations for the 2009/10 budget. There will be no way to cut our way out of the anticipated budget deficit. Mooney is convinced that the people of Beverly Hills will vote for a millage increase if they are properly informed of the Village's financial situation. Council should devote a majority of every meeting to educating the public about the Village's financial problems.

Council members emphasized the fact that there will be serious shortfalls in the future that must be addressed. There is a need to go out for a millage increase in November, and it will require public education on a major scale.

Motion by Mooney, second by Berndt, to adjourn the meeting at 9:27 p.m.

Motion passed.

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Sue Bernard
Recording Secretary