

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

Absent: None

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

President Stearn called the regular Council meeting to order at 6:00 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 Briggs, to approve the agenda as published.

Motion passed (7 – 0).

STUDY SESSION TO REVIEW FISCAL YEAR 2009/10 BUDGET

Stearn announced that this will be a working session for the Council to go through the budget. Copies of the proposed 2009-2010 Budget are available to members of the public; comments from the public will be taken at the end of the meeting. It was noted that a public hearing on the 2009/10 budget is scheduled for Tuesday, May 5, 2009, at which time audience members may provide additional input on the proposed budget.

Manager Chris Wilson reviewed a memo highlighting some of the changes in the budget since the last study session on April 7, 2009. Retiree Health Care contingency (OPEB) funding increased to roughly \$500,000. This was done primarily through use of the General Fund balance, which is projected to be 15% as opposed to 18% of expenditures. Labor Attorney costs were increased from \$10,000 to \$20,000. This is an accurate adjustment considering union negotiations upcoming at the end of the year.

The Major Road Fund now includes \$100,000 for asphalt construction and \$50,000 for concrete construction. The Local Road Fund includes \$40,000 for asphalt construction and \$50,000 for concrete construction. Those contributions come from fund balances existing in the Major and Local Road Funds. Capital Projects have been updated for FY 2009/2010. The garbage fee is proposed at \$50 per residence for FY 2009/10; \$100 for FY 2010/11; and \$150 for FY 1011/12. That will come close to offsetting the entire cost of garbage and rubbish collection.

Wilson reviewed that a previous proposal to accomplish cost savings in the Public Safety Department involved involuntary reductions in manpower. He has been in discussion with two department employees in the last week who are currently eligible for retirement and are interested in pursuing a buyout option. Wilson does not have formal agreements at this time. The savings would be roughly \$200,000 for FY 2009-10, which is equivalent to what the Village would have saved by layoffs of three officers. If arrangements can be reached with these

employees for voluntary retirements, Wilson would recommend that Council forego any layoff of public safety officers for the next fiscal year.

Wilson related that cost savings of about 18% are projected in the Building Department. Request for Proposals from five communities to provide building department services for the Village are due back by May 15. If there is not a proposal that looks promising, Wilson is still committed to looking into cost savings through internal downsizing in that department.

Wilson highlighted significant provisions in the budget that remain unchanged:

- Pay freeze for all non-union personnel as of July 1, 2009.
- Transfer of all non-union personnel to Blue Care Network as of July 1, 2009.
- No proposed pay increases for union personnel as of January 1, 2010.
- Elimination of receptionist position.
- No transfers from General Fund to Major or Local Street Fund.

While future structural decisions remain, Wilson outlined what he believes to be the scope of debate for the FY 2009-2010 budget as follows:

- Amount of OPEB (Retiree Health Care) funding
- Acceptable level of fund balance in General Fund
- Contingency plan should two retirements in Public Safety not be attainable

Other items outside the scope of FY 2009-2010, many of which have been debated at some length, await future action by Council. These items include, but are not limited to:

- Future participation in the Baldwin Library.
- Need for expenditure constraint in Public Safety.
- Possible future revenue enhancements.
- Continued participation in Oakland County Narcotics Enforcement Team.
- Possible concessions in upcoming union negotiations.

This budget represents Village Administration's best effort to meet service demands in the coming fiscal year while providing a basis for future sustainability. Unfortunately, those efforts require the reduction of current staffing levels and levying new charges for existing services.

Stearn raised a number of issues responsible for decreased revenue and increased expenditures, which have made attempts to balance the budget this year challenging.

Property values decreased by 4.57% this year, which means that the Village's property tax revenue will decrease by about \$250,000. Instead of receiving a 4.4% increase in revenue based on the CPI, the Village will experience a loss of revenue. An 8% loss in property values is projected by Oakland County for next year, or \$450,000.

Wilson explained that the Village's portion of funding from state shared revenue is guaranteed from the constitutional category. However, the Village will receive the same percentage of a

smaller amount due to declining sales tax revenue. A one percent decrease is projected. The smaller statutory portion is at the discretion of the State legislature. The State is forecasting an increase of 3.39% , or about \$5,000.

The Village has allocated \$500,000 for future retiree health care obligations in the 2009/10 budget. Based on actuarial studies, this is about \$100,000 short of the recommended allocation. This is the only year in the five-year projection that money is being allocated towards the retiree health care fund.

The General Fund balance is being reduced from 20% to 15% of expenditures. Wiszowaty discussed the fund balances for the Major and Local Road Funds and the Water & Sewer Fund. There is no money allocated from the General Fund to the Local Road Fund in this budget.

Stearn noted that the receptionist position will be eliminated from the Village office, which will result in reliance on the automated answering system. There will be either two targeted buyouts in public safety or three layoffs in this budget, or a combination of these actions. The building department will either be consolidated with another municipality or there will be internal downsizing in that department. The public services director will be going on a part-time contract basis.

Stearn stated that the Village Manager wrote letters to the two public safety unions asking for wage concessions. Wilson received a request back from the PSO union for a copy of the Village audit report, which has been provided to them.

In response to an inquiry from Oen, Wilson stated that the Village is in the process of capturing bond money from building department bonds that have not been committed or reclaimed. The money will be deposited in the general fund operating budget.

Stearn asked if there was any money remaining in the dedicated millage for the park. Wiszowaty reported that there was \$68,000 in the park dedicated millage fund as of March 31, 2009. The public services director is preparing bid proposals for the renovation of the south baseball diamond this year.

Stearn questioned whether Council should allocate a small percentage of money to the park capital fund to maintain and build a fund to replace the equipment that was added during the renovation accomplished through the park millage.

In response to an inquiry, Wiszowaty explained that money collected for park pavilion rentals is transferred into the park capital projects fund. Approximately \$6,000 is collected per year for capital improvements. The balance in that account is about \$35,000.

Briggs stated that Parks and Recreation chairman Jim O'Reilly will provide Council with an updated analysis of what is needed in terms of an annual capital budget to maintain existing park improvements before the next meeting.

Stearn concluded that the five year financial forecast confirms that the Village will still need more money to operate even with the proposed cuts. There will have to be revenue generated in the future to make up for further decreases in property values.

Wilson concurred that the Village cannot solve this problem entirely through cuts to services and manpower. The most prudent course of action would be to strike a balance between cost reductions and revenue enhancements in order to maintain the level of services that residents have had in the past. Based on current projections, the Village could not continue to cut services and retain the type of community that people have come to expect.

Koss commented that Council's main focus should be on this year's budget before working on a plan for the future. Council and Village residents realize that this is not a good time to ask for money. Once the budget is adopted, Council will have to execute due diligence on a backup plan in the event that the people turn down a millage increase.

Peddie remarked that Council has to be able to demonstrate that it has looked at alternative ways of providing service as well as the ramifications of those measures before asking residents for revenue enhancement.

Briggs asked Director Woodard about the status of federal grant funding through the COPS program for hiring police officers. Woodard responded that it is likely that the Department will receive news about this after July 1. If there is a positive outcome, Council will be asked to consider the conditions of this funding. Wilson stated that one of the conditions of receiving this grant money is that the municipality has to agree to maintain current staffing levels for three or four years after the grant is awarded.

Stearn asked for an informal vote on whether this is an acceptable budget as it stands under the current set of circumstances. Council unanimously supported the proposed budget.

PUBLIC COMMENTS

Stearn informed the public that the budget before Council will not be finalized until the second Council meeting in May. There will be a public hearing on the budget at the Tuesday, May 5 Council meeting.

Jim Calder objected vigorously to the position that Council is taking in the budget for 2009/10. He did not think there were adequate provisions for short and long term capital outlay needs; retiree health care benefits are not adequately addressed; rubbish collection and disposal costs should be collected through a dedicated millage; and there is minimal funding for essential services. Calder was opposed to laying off three public safety officers and one administrative personnel on the basis that it represented minimal savings to the average taxpayer. He proposed using a portion of the General Fund balance to forego these cuts. The Village will have to address the problem of a tax increase in the future.

Haim Schlick asked if Council has explored reducing employee benefits. Stearn responded that Council would not discuss employee benefits at this meeting. The Village is under contract with

union employees, and the only way to change benefits is to renegotiate those contracts. Public Safety union contracts expire in December.

Glenn Detillo asked whether Council is going to present information about the year over year changes in wages, cost of living, longevity, and health care relative to employees. He suggested that this information be shared with the public so that people know that the Village is being managed well. Detillo thought that there was a way to deliver adequate services while managing the situation. He asked why the Village would allow 13% overtime in the public safety department.

Stearn reiterated that Council is not going to talk about benefits at this meeting. He invited residents to obtain a copy of the proposed 2009/10 budget or view it on the Village web site. Finance Director Wiszowaty will be available to meet with residents to discuss their issues.

John Mooney explained the process of negotiating with public safety union contracts. He outlined OSHA requirements with respect to fire fighting and how that relates to overtime expenses. Mooney indicated that Village Administration has written a letter to the unions asking for concessions to no avail. The only way to void contracts unless there is voluntary agreement by the unions is to go into bankruptcy. Mooney said that the Village is beginning to negotiate contracts with the public safety unions that will expire at the end of the year, and those involved will do everything they can in that regard. There will be a lot of items on the table.

Other questions from Detillo focused on the Village's library contract and the rubbish collection contract.

Larry Needham said that the public safety department represents the largest budget expense. The number of public safety officers has increased by 84% from the 1960's when there were 13 uniformed officers plus the Director. He questioned this increase in an era of declining crime statistics. There has been little dialog about a volunteer fire department or early retirement for commanders. Needham stated that the people on his block are firmly opposed to any tax increase to support the status quo, and that Council has a major selling job to do.

Bill Buesser stated that he received the benefit of outstanding service provided by the public safety department and did not want to see officers taken off the street. He suggested that the reason that there is not a lot of crime in this community is because we have officers who do their duty. Buesser thought it would be a bad decision to reduce the force below its present level. He proposed that library service and administrative jobs be considered before taking public safety officers off the streets in this time of insecurity.

Brandon Love commented that he did not want officers who patrol the neighborhoods and provide first medical response to be eliminated from the department. He would be willing to increase an out of pocket rubbish collection fee in lieu of a millage.

Norman Rubin had questions and comments on the proposed outsourcing of the Village's Building and Planning Department. He asked Council to consider the net of the expense and the revenue before making a decision. Rubin thought that Council should assess the impact of this

outsourcing on the operation of the department and service levels. He did not think the savings gained from outsourcing the building department was cost effective if you look at the expense side.

COUNCIL COMMENTS

Briggs commented that this is a difficult budget. It will buy the Village some time to look at structural changes and how services are delivered.

Mooney asserted that no one wants to cut police officers or services if it can be avoided. This is an era of declining property values and job losses, and the severe economic downturn is affecting people in our community. Mooney commented on the risk involved with being a public safety officer and expressed the view that they deserve the salaries they negotiated. The reason that the community has been safe since the 1980's is that it has been at the current level of staffing since that time. The Village is in a position where it does not have enough money to maintain the current level of services. Council is talking about laying off people such as the receptionist and building department staff, people who have served the Village well. Council is going to do its best to serve the Village as its representatives. Mooney offered to debate this budget with any resident who would like to discuss it further.

Berndt made reference to revenue decreases and expenditure increases that have occurred and will continue into future years. He was frustrated by the misconceptions and lack of understanding from the public, noting that the Village must work harder to get the word out to the people. Berndt suggested that residents consider whether they are willing to pay for living in a community like Beverly Hills with high standards.

Koss commented that tensions are running high and asked people to understand the difficulties facing Council. There is a certain amount of money to work with, and Council is trying to make the most prudent and judicious decisions that will do the least amount of damage. This will never be the same Village that it was when people moved here unless something is done. We will have to start providing services differently; there will have to be a different delivery method. Everyone will have a problem with one decision or another that Council makes, but these seven people have to try to do the best for the 10,000 people who live here.

Motion by Mooney, second by Berndt, to adjourn the meeting at 7:24 p.m.

Motion passed (7 – 0).

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary