

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

Absent: None

Also Present: Manager, Wilson
Finance Director, Wiszowaty

President Stearn called the special Council meeting to order at 7:32 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 Peddie, to approve the agenda as published.

Motion passed (7 – 0).

REVIEW AND DISCUSS CONTRACT WITH BALDWIN LIBRARY BOARD

The purpose of this meeting is a study session to discuss the Village's contract with Baldwin Public Library. Council will not be making a decision tonight.

Finance Director Wiszowaty gave a presentation on the current state of Village finances and why Council will consider withdrawing from its contract with the library. He commented on the consequences of the economic downturn in Michigan and the nation. He discussed General Fund revenue sources and explained the effect of the Headlee Amendment and Proposal A on limiting property tax revenue received by the Village. As a result of Proposal A and the continued decline in property values, the Village will lose \$501,750 in Charter millage revenue in 2009. State Revenue Sharing has decreased each year since 2000; the Village is short \$260,000 annually.

Wiszowaty reviewed 2009-2012 expense estimates. The assumptions include: an 8% taxable value reduction in 2010-2011 and an additional 3% reduction in 2011-2012; a wage freeze for all employees (union and non-union); increases in the Public Safety pension contribution requirement; reduced staffing levels in 2009-10; no additional OPEB contribution beyond 2009-2010; increase rubbish collection fee \$50 per year.

Wiszowaty presented a general fund summary through the year 2012. The Village is required by law to adopt a balanced budget. The Village is taking \$178,608 from the fund balance to balance the 2009/10 budget. It is anticipated that the 2010/11 budget will require a contribution from the fund balance of \$194,261 and a \$539,355 contribution from the fund balance in 2011-2012. The fund balance will fall to \$502,000 or 6.67% of expenditures by June 30, 2011. If there is any delay in tax collection after July 1, 2011, the Village will not be able to pay its bills or payroll on time. By June 30, 2013, the projected Fund Balance deficit will be \$336,468.

Beverly Hills contracts with the Baldwin Library for an amount of money based on a fiscal year formula as follows: Taxable Value x 1.077 mills (reduced by Headlee 0.8527). For 2009-2010, the value of the millage is 0.9183. The library contribution for the 2009/10 fiscal year is \$522,356.

President Stearn reviewed how Council reached the point to be debating the Village's contract for library service. This Council and the previous Council foresaw this financial shortfall about a

year ago and placed a proposal on the ballot for a Headlee override. Residents were asked to reinstate the 11 mill cap approved by the voters in 1995. The Headlee Amendment and Proposal A have resulted in lowering the approved 11 mill cap to 9.3 mills. The voters rejected the ballot proposal by a 2:1 margin. Council is attempting to determine how to cut spending.

Stearn outlined what has been done to balance the 2009/10 budget. Two public safety officers have been cut, the public safety department budget was cut by an additional \$120,000; the building official position has been eliminated, the receptionist position was eliminated, the public services director went to a part-time contractual basis; the Village will not transfer money from the General Fund to the Major or Local Street Funds this year; pay freezes for all non-union personnel as of July 1, 2009 have been budgeted. There was a budget shortfall despite these cuts due to further decreases in property values and declining state shared revenue.

The Village has a contract with Baldwin Public Library in Birmingham. The agreement allows either party to opt out of the contract with a two year notice. If that notice is not given to the library by the end of June, the Village will be locked into the contract for the next three years.

Stearn related that Lee Peddie, Chris Wilson and he met with the Board of Directors of the Baldwin Library last week to discuss the arrangement between the Village and the library. The Library Board is meeting tonight and will be voting on a resolution to allow the Village to give notice to withdraw from the library contract but to rescind that notice any time before the end of 2010. This would allow Beverly Hills to continue under the existing contract if the Village could find an alternative funding source for library service. One idea that has been discussed was to go out for a dedicated library millage. The risk is that, if the millage vote fails, the Village would have to consider cancelling the library contract.

The purpose of tonight's meeting is to explain the Village's financial position to the public and take comments from interested residents. Stearn affirmed that all seven Council members believe that the library is an important community service and want to continue the contract with Baldwin Library. Council has to figure out how to pay for this service.

The Council chamber was filled to capacity with residents interested in the library issue. A show of hands indicated that nearly everyone in attendance supported retaining the contract with Baldwin Public Library.

Wilson left the meeting at 8:10 p.m. to attend the Baldwin Board of Directors meeting.

Residents present spoke in support of retaining library service and urged Council not to give notice to opt out of the contract. Council addressed questions and comments from residents on the following issues: Village financial projections; planning for the future in terms of tax increases; availability and cost of library service in other communities; specifics of the contract with Baldwin Library; ballot proposal for dedicated library millage; consolidate services with other communities to cut costs; reduce employee benefits; renegotiation of union contracts; and cost/benefit for library services.

It was noted that a 2005 village-wide survey included the topic of library service and confirmed that residents would be willing to pay a dedicated millage to retain library service for the Village. There were residents who questioned whether the Council has exhausted every other measure of

raising revenue short of giving notice to Baldwin Library. It was suggested that Council give serious consideration to the state of the economy and the number of foreclosures in Oakland County before going out for a millage increase this November. Council was urged to use common sense in terms of spending tax money and not cause the Village to lose public safety officers at the expense of the library.

Residents commented that the loss of library service would adversely affect property values and the resale of homes in Beverly Hills. It was said that library services are most needed by people during an economic downturn. People with children as well as retired people and those on a fixed income talked about the importance of having access to the library. The suggestion was made to go forward with a millage proposal before other taxes are levied by the state. It was proposed to look at the library issue as a community and find a creative solution for funding the library. One individual thought that sending the letter might increase the groundswell of support needed to get people involved in raising money or doing whatever they have to do to save the library.

Residents suggested the following revenue sources:

- Establish a community foundation to raise money to support the library
- Increase recycling to raise money
- Increase late fees for people who do not pay their taxes on time
- Charge a 1% administrative fee for tax collection
- Spend down the fund balance
- Renegotiate the contract with Baldwin Library

The following residents voiced their opinions on library issues:

Cynthia Arvant	18271 Devonshire
Mia Gutierrez	31018 Pickwick
Mort Moltz	19489 S. Waltham
Janet Mooney	19111 Devonshire
Robyn Whitelaw	31309 Cline Drive
Theresa Dziubek	18915 Bedford
Kevin Burns	18007 Kirkshire
Mark Cope	31782 Sheridan
Candy Repa	22868 Shagbark
Kathy Westerlund	18540 Devonshire
Martha Bright	19646 Wilshire
Gerald Bright	19646 Wilshire
Dahlia Schwartz	31170 Sunset Court
Gerry Black	31655 Nixon
Monica Mercer	17400 Locherbie
Rock Abboud	18207 Gould Court
Marylou Flatter	31455 Waltham
Carolyn Swift	16116 Buckingham
Ann Hammond	32848 White Oaks Trail
Adrian Thompson	31787 Mayfair Lane
Sherri Levitt	18641 E. Chelton
Chuck Main	31654 Waltham

John Novak	19477 Waltham
Kari Silcox	18250 Kirkshire
Jeff Hurley	32891 Norchester
Sandy Landau	20010 Carriage Lane
Joel Ostrowski	16982 Georgina
Kim Peters	17111 Locherbie
Susan Englehart	18234 Buckingham
Marguerite Donahue	21640 Riverview Drive
Scott Janssen	15924 Dunblaine
Edna Freier	30400 Woodhaven
Phil Schmitt	18103 Riverside Drive
Therese Costello	17414 Beverly Road
Michelle Thoreau	17111 Birwood
Katherine Miller	17117 Dunblaine
Mia Combs	17246 Kinross
Dr. Kathleen Moltz	31170 Sunset
Paula Montgomery	32260 Auburn
Carolyn Burdi	18007 Kirkshire
Charles Muller	16216 Wetherby
Carolyn Schweiss	31675 Auburn
Sue Lamphere	17127 Beechwood
Leah Steinberger	18508 Devonshire

Three young children commented on how they use and enjoy the library.

Chris Wilson returned from the Baldwin Library Board meeting. He informed those present that the Board members voted unanimously to accept the proposal from the Village. Beverly Hills would have an 18 month option to rescind if it submitted notice by June 30, 2009. Stearn read the resolution passed by the Baldwin Library Board. The public was informed that there will be a vote on whether to send that notice of termination to the library at tomorrow's regularly scheduled Council meeting of June 17, 2009.

Stearn reiterated that the Village would be locked into the contract for three more years if Council does not send the letter of termination before the end of the month. If the letter is sent, the Village has 18 months to determine whether to rescind the notice of termination. During that period of time, other options can be explored. Council either has to find \$500,000 in the budget or raise that amount, or a combination of those two alternatives.

COUNCIL COMMENTS

Mooney commented on the dire financial situation facing the Village in the next two years. He said that residents were informed prior to the November millage election that the Village would lose police officers and possibly the library if the people did not restore the millage to the level that was approved by the voters in 1995. The millage failed by a 2:1 vote.

Mooney did not think a dedicated millage for the library was the way to proceed and was opposed to sending the letter to the Library Board. He believed that the Village is obligated to provide a library for the people. The Village is also obligated by law to have a balanced budget, which will not be possible in three years.

Briggs stated that the cost of the library contract has been discussed approximately every two years for the last ten years. If the library cost was separated out as a dedicated millage, the Village could put the discussion to rest on whether the library was an appropriate way to spend General Fund money. Briggs said that sending the notice will provide the Village with a timeline for working toward alternatives. He will work to pass the millage necessary to provide library service to Village residents.

Berndt expressed the view that sending notice to the Library Board will provide the Village with breathing room to figure out how to preserve the library contract. He commented that Council needs the support of the public going forward.

Peddie said that the letter to the Library Board will give Council some latitude to work out how it is going to fund the library. She remarked that this is the first time since being elected to Council that she has witnessed such a huge outpouring of positive support for something so important. Council has been working through the reality of diminishing funds. It would be a travesty not to have the use of a library in the community, but the Village has to find a way to fund this service.

Oen commented on the financial conditions facing the Village. He remarked that the community deserves and needs a library and Council needs the support of the community to get through this dilemma.

Koss said that the Village has a great public safety department, schools, park, library, and neighbors. People need to take care of their community. The financial issues are not going to stop at the library. Village revenue is decreasing and our costs are going up. Koss did not want to piecemeal millage for trash, library and police and fire protection. Nothing will pass if Council starts doing that. People need to ask themselves what they want their home and community to look like.

Stearn thanked Council and Bob Wiszowaty for being present tonight. He thanked Ms. Peddie and Mr. Wilson for working with the Library Board of Directors. Stearn thanked the residents for coming out to voice their comments and concerns. He encouraged anyone who has an interest in working on a library millage or an ad hoc committee to leave their name and phone number with him tonight. It would be great to have this group of energetic and optimistic residents help to figure out a way to keep the library contract.

Motion by Mooney, second by Berndt, to adjourn the meeting at 9:38 p.m.

Motion passed (7 – 0).

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary