

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

Absent: None

Also Present: Village Manager, Wilson
Assistant Manager, Marshall
Finance Director, Wiszowaty

President Stearn called the special Council meeting to order at 6:05 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road. The Pledge of Allegiance was recited by those in attendance.

ADDITIONS TO AGENDA/APPROVE AGENDA

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

Motion passed (7– 0).

DISCUSS MILLAGE PROPOSAL

Council will be discussing a millage proposal, when to place a question on the ballot, and a strategy for communicating necessary information to the electorate. Manager Wilson has prepared a memorandum regarding a 2010 millage election with attachments containing figures related to the upcoming revenue shortfall and options for establishing a millage rate. Finance Director Wiszowaty will go through a slide presentation outlining projections and analyses leading to a recommendation from administration regarding ballot language.

A graph depicting the Village property tax revenue forecast shows tax revenue for the last couple of years and projects forward to demonstrate a precipitous decline in property tax revenue through 2015/16. Taxable value for July 1, 2009 decreased by 4.57%. A large drop in tax revenue will occur in 2010/11 as a result of projected 12% decrease in taxable value and the expiration of a 1.7 mill dedicated millage. Another 5% drop in taxable value is expected in the following year with the CSO (combined sewer overflow treatment facility) millage coming off the tax bill.

Wiszowaty displayed a chart indicating the estimated General Fund annual deficit for the next five years noting a \$1.1 million deficit in 2010/11. The fund balance will be below zero in 2011/12.

The millage rate in 2009/10 for Village taxes only is 11.8041. Next year the millage rate will drop due to the expiration of the dedicated millage to 10.1927 mills. The 2011/12 millage rate will be 10.2797 with the CSO debt. Wiszowaty explained that the Village millage rate of 9.3801 remains flat over the next three years for the reason that taxable value is decreasing.

Village administration is recommending a millage proposal for 2011/12 that would require voter approval of a 12.9184 General Fund operating millage. The CSO debt amount would bring the total Village millage to 13.8180 mills if voters approve the millage proposal. The revenue projected from this millage would be \$6.5 million. Wiszowaty noted that the combined millage for the current year will generate \$6.7 million in revenue, dropping to \$5.1 million next year.

Wisowaty estimated an average tax bill with the proposed change in millage rate for the Village tax only. He emphasized that taxable value will decrease by about 12% in 2010/11 reducing the amount of residents' tax bills. Taxable value will decrease by another 5% in 2011/12. Even with the increased millage rate, the average Village tax bill in 2011/12 will be \$35 less than the 2009/10 tax bill. Wisowaty provided estimates on an average combined tax bill for a Beverly Hills resident using the same circumstances.

Manager Wilson stated that administration has been working on a way to address upcoming budget shortfalls. The five year projection was used to determine that there will be a \$1.6 million General Fund deficit for 2011/12. Wilson outlined administration's proposal for balancing the budget through General Fund operating cuts.

Termination of the library contract with Baldwin Library would result in a savings of \$436,000. There would be a 15% cut in the Public Safety Department generating a savings of \$733,000, which equates to eliminating 5-6 positions and reworking the command structure. Another 10% cut to the General Fund to save \$406,000 would result in elimination of 1-2 full time positions and 1-2 part time positions with multiple service cuts. There would still be \$100,000 of miscellaneous cuts required to generate the \$1.6 million in savings that year needed to balance the budget. Wilson related that this would be a fallback plan if additional millage revenue is not created.

Council asked that the Manager reiterate staffing cuts made in the current year. Wilson reviewed that the Village has lowered its staffing levels in public safety by two officers; the building official retired and was not replaced by a full-time employee; the receptionist position was eliminated; the public services director went from a full-time to a contractual part time basis.

Koss added that these changes were made following the defeat of the Headlee Override ballot proposal in 2008. She was not comfortable with a decision that would change the community forever. This Council has cut as far as it can without altering the character of the Village; it is the residents' turn to decide the future of the community.

The Option 1 plan proposed by Administration is to adjust the General Fund operating millage rate to 12.9184 mills in 2011/12 in order to generate enough revenue to cover the projected shortfall. Wilson is proposing a second option that would represent a financial reworking and administrative reorganization of core General Fund operations. He thought it would build long term sustainability and accountability into some Village functions while also protecting services like the library and Public Safety Department. Option II has the effect of taking operations currently housed under the General Fund and breaking them out into three separate funds: Library, General Operation and Public Safety.

The Library Fund would generate revenue from a dedicated millage of 0.9184 mills, which is equal to the millage rate that the Village is currently paying for Baldwin Library services. The General Fund portion of the millage would consist of 2.1 mills for operating revenue. General Fund revenue would include Revenue Sharing in the amount of \$580,000; a proposed rubbish fee of \$631,500; and miscellaneous revenue of \$540,422. The Public Safety Fund would generate revenue through 9.9 mills dedicated solely to public safety. Public Safety Department revenue brought in through fines and forfeitures, etc would bring the total revenue amount to \$4,888,235.

Wilson remarked that Option II would separate the three functions and provide protected, dedicated funding for the library and for public safety. Revenue sharing was intentionally not included in public safety fund revenues. This would separate the link between further revenue sharing cuts and declines in public safety services. Wilson suggested that Option II would provide more stable funding for the Public Safety Department and library service and would direct the bulk of property tax allocations to those two services, which is generally what residents want and expect.

Wilson concluded that, if Council decides to pursue a millage proposal, it would be his recommendation to consider one ballot question to change the Charter maximum from 11 mills to an allocation of three different funds within the General Fund (Library, General Fund Operating, Public Safety). He noted that the numbers presented are subject to further review.

In answer to an inquiry, Wilson affirmed that the Option II model is set up at the Village's current staffing level and that the proposal accounts for all OPEB and pension costs.

Motion by Oen, second by Koss, to direct Village Administration to prepare ballot language for a Charter Amendment to establish a maximum allowable millage based on the principles defined in Option II set forth in a Memorandum dated 1/8/2010 from Manager Chris Wilson.

Roll Call Vote:
Motion passed (7 – 0).

DISCUSS ELECTION SCHEDULING

Options discussed for placing a millage proposal on the ballot were the August 3, 2010 Primary Election or the November 2, 2010 General Election.

There was agreement that Council and other individuals who will help to educate the public need some time to prepare and distribute information so that everyone will have an understanding of all the facts. It was the consensus of Council to proceed with a ballot proposal for the November election.

Motion by Koss, second by Oen, to schedule the millage proposal to be placed on the ballot of the November 2, 2010 General Election.

Motion passed (7 – 0).

Council members discussed ideas for communicating this ballot proposal to the Village as a whole. Ideas included holding town hall meetings in each election precinct, preparing literature for distribution, and including information in the Villager newsletter and on the Village website. Other thoughts were to invite all Village Board members to a meeting where the millage proposal would be explained to them. Council needs to reach out to community organizations including the Parent-Teacher-Student Associations (PTSA) in the Village, neighborhood homeowner associations, Little League organizations, and church groups.

It was suggested that Council may want to put together a 30-minute public service announcement that would air on cable television for the benefit of those who cannot attend a Council or town

hall meeting. The program could include an individual known to the public who is not a member of Council. Koss volunteered to coordinate this project.

Mooney commented on the importance of having a special Council meeting each month in every precinct and soliciting volunteers to go door-to-door to inform people of the gathering. He said that the issue before the community is whether the Village will lose library service and lose the ability to fight fires with its own officers.

PUBLIC COMMENTS

Pam Rijnovean of 32420 Evergreen quoted numbers regarding municipal employees in the State of Michigan who pay a portion of their health care premiums. She said that Village employees pay no portion of their health care premiums and that employee pensions and benefits are unsustainable.

Stearn informed the public that the Village is currently engaged in labor negotiations with its public safety unions and cannot reduce their benefits without concessions from the unions or arbitration procedures.

Bob Walsh of 20655 Smallwood clarified that the proposal is to change from 9.38 mills to 12.92 mills or an approximate 37% increase. A rubbish collection fee will also be added onto the tax bills. He asked that Council clearly represent the facts to the public.

Stearn stated that Council would like to hear any ideas on how to cut expenses or raise revenues. He took exception to any implication that Council was misleading the residents when the numbers are placed in writing and presented to the public.

Vince Borowski commented that taxes on a house at 31115 West Chelton were \$2,241 in 2007; \$2,153 in 2008; and \$1,874 in 2009. By his calculation, taxes have gone down \$350 over three years or 17% from 2007. This millage proposal will take his taxes back to where they were in 2007.

COUNCIL COMMENTS

Council members voiced their support of action taken tonight and anticipated working hard in support of the millage proposal. Council must present the community with a clear and accurate statement of what is going to happen in the event that this millage does not pass. The community will need to work together to retain Village services and property values.

Motion by Mooney, second by Koss, to adjourn the meeting at 7:13 p.m.

Motion passed (7 – 0).

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary