

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

Absent: Oen

Also Present: Village Manager, Wilson
Assistant Manager, Marshall
Village Attorney, Ryan
Public Safety Director, Woodard

President Stearn called the special Council meeting to order at 6:04 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

ADDITIONS TO AGENDA/APPROVE AGENDA

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

Motion passed (6 – 0).

DISCUSSION REGARDING NOVEMBER BALLOT LANGUAGE

Stearn stated that the purpose of tonight's special meeting is to discuss Charter Amendment ballot language for the November 2, 2010 Election. Council has unanimously agreed to place a millage vote on the ballot asking for authorization to levy 12.9184 mills including the following components specifically dedicated to the operation of the Village: 9.9 mills for public safety operations; 2.1 mills for general administration purposes; 0.9184 mills for library purposes.

The reason for the study session is to determine whether or not this millage should include a time limit. The options that have been discussed are to have no sunset provision, a time limit of five years, or a longer sunset period of ten years. There will be discussion and direction on drafting ballot language this evening and a first reading of a resolution adopting the ballot language at a special Council meeting scheduled for Monday, June 28, 2010. Stearn asked for comments from the public as to whether they think a time period is advisable.

Jim Osmer of 18301 Riverside Drive questioned the Village's history in terms of sunset provisions on millage referendums. Mooney provided historical background on Village millage rates and ten year renewal referendums. The Village is now operating under a permanent Charter millage cap of 11 mills, which has been reduced by the Headlee Amendment over a period of time to 9.3 mills.

Stearn added that there have been periods when the electorate approved a dedicated millage for specific periods of time. There was a 12-year dedicated millage for infrastructure improvements and a 5-year dedicated park millage, both of which have expired. The proposed general operating millage not to exceed 12.9184 mills represents a fundamental reallocation of funds with components specifically dedicated to public safety operations, general administration, and the library.

Mike Sabourin of 22866 Highbank Drive asked if future millage will be affected by the Headlee Amendment. He was answered that the new millage rate would be subject to Headlee as property values increase.

Vince Borowski of 31115 W. Chelton said that he would support no time period on the millage considering how difficult it is to approve a millage and the fact that it is projected that there will be a need for this amount of revenue in the next several years. No one is predicting that southeast Michigan will experience a big recovery in values. The millage rate will still be controlled by Headlee limitations on growth of property tax revenue.

Stearn stated that the benefit of no time limit on the proposal is that Council would be locking in a fundamental restructuring of how to pay for services in the community. It would protect library service indefinitely. On the other hand, if there is a large group opposed to the millage proposal, placing a time limit on the millage rate may address the concerns of those individuals. Stearn said that he would not be comfortable with a time limit of less than ten years. County Executive L. Brooks Patterson has said that it would take Oakland County at least ten years to recover its property values.

Dick Maxwell of 18701 Walmer Lane, member of the Citizen Input Committee, stated that a suggestion was made at committee meetings that there be a sundown provision in the ballot language. He would concur that ten years is the logical time frame. The reasoning of the Input Committee was that the sundown provision may assuage the unease of those who mistrust village government.

Kathleen Berwick of 31381 Kennoway Court suggested that a five year time period would be appropriate for the reason that she may not agree with Council's view of the Village's needs.

Robert Deneweth of 32321 Arlington thought it was important to note that the Beverly Hills millage rate will remain among the lowest of municipalities in southeastern Oakland County.

Alice Degregorio of 19605 Riverside Drive thought that planning would be difficult if there were a time limit on the millage of less than ten years. She would favor a ten year time limit with the hope that it would bring in the votes of any dissenters.

Susan Nanry of 32370 Norchester agreed that more people would vote for a millage proposal if it had a time limit of ten years.

Kevin Byrnes of 18007 Kirkshire stated that he was in favor of no time limit. He understood that future Councils could review the millage and make adjustments if economic conditions change.

Stearn reinforced the point that a future Council could revisit and reverse the millage rate regardless of action taken by this Council.

Jean Ruth of 32264 Sheridan stated that she would support a time limit of ten years or more for planning purposes and for the reason that the economic recovery will take that long.

Mike Sabourin of Highbank thought that the millage rate would be self leveling because the millage rate will decrease through Headlee limitations if property values increase. He supported no sunset provision in order to provide stable services and maintain strong home values.

Jim Osmer of Riverside Drive questioned why a time limit would be desirable other than addressing whatever dissention there might be to approving the ballot proposal. He thought it was more important to look at the millage from a fiscal point of view without being restricted by a time limitation. Council is attempting to restructure the operating millage to earmark funds without any foreseeable basis for reducing the amount of money that will be needed to run the village. He would be in favor of no sunset provision.

Sharon Tischler of 21415 Virmar Court asked how road repairs will be funded under the proposal to dedicate specific millage for the operation of the Village.

Wilson stated that the Village has about \$1.5 million remaining in the dedicated infrastructure millage fund. The Village can use that money in the next few years on major and local street construction and repair costs. In addition, Act 51 Gas & Weight Tax money is received on a yearly basis. This will get the Village through the next 3-5 years, but it is not a long-term solution. It is likely that the Village will be looking at additional capital costs in the future for infrastructure needs.

Stearn asked Wilson for his recommendations on the millage proposal. Wilson stated that his original thought was not to include a specific time limit on the millage proposal. The 12.9184 mills divided up three ways would be presented as a Charter restructuring of Village finances. It provides a permanent source of funding for the library and dedicated funds for public safety operations. It is Council's decision to approve the final ballot language.

Wilson suggested that consideration be given to what the default millage would be on July 1, 2021 if there is a ten year time limit on the millage. He questioned whether there is a need to indicate the millage rate at the end of the sunset period if the Charter millage divides the 12.9184 millage three ways. This may be a legal question in terms of the ballot language.

Village Attorney Ryan stated that the Charter millage cap is 11 mills; the current millage rate is 9.3801 mills as reduced by Headlee. Unless something is stated otherwise in the Charter Amendment, the millage rate would default to the 11 mill cap less the Headlee reduction at the end of the ten year sunset period. Council asked Ryan to provide a definitive answer from the Attorney General's office to the question of whether the Charter millage would revert to 11 mills subject to Headlee Amendment reductions at the end of the ten year period.

Ryan said that Council could approve a Headlee override ballot proposal stating that the Village would go back to 11 mills at the end of the ten year sunset period. Another option is to reset the Charter millage by a ballot proposal every ten years. Wilson suggested including language in the ballot proposal stating that the millage rate will reset to 11 mills at the end of the ten year time limit.

Council members voiced their views on the ballot proposal. Koss said that she originally thought that a ten year time limit would be prudent, but she was concerned that the millage rate would revert to the current 9.3 mills or lower.

Stearn commented that the 9.9 mills allocated for public safety operations accounts for the unfunded health care liability. The 2.1 mills for general administration will take care of all general administration purposes with the exception of roads after 3-5 years. The 0.9184 mills allocated for library use will fund the existing contract with Baldwin Library. Stearn is in favor of no time limit on the Charter Amendment. He emphasized that a future council can revisit the millage rate and place a proposal on the ballot at any time. He sees no utility in a ten year sunset other than addressing opposition to the millage proposal.

Mooney stated that there was no question that the Village needs 12.9 mills to keep the community going at its present level for the next few years. The 11 mill cap passed in 1995 as a permanent millage rate was intended to last only until 2001. Mooney suggested that Council place a ten year limitation on this increase in taxes. A ten year cap will motivate Council and administration to move forward with creative solutions to underlying problems. Mooney understood that there are people in the community who will work against approval of a millage proposal. He thought that ten years is the way to proceed from a public relations standpoint.

Briggs stated that, based on long term financial forecasts, it appears that it will be at least ten years before the economy returns to normal and property values increase. He agreed that the Village will have to continue to investigate alternative ways of delivering services. Briggs made the point that Beverly Hills will have to be financially viable for another community to risk joining with the Village to combine services or take advantage of a regional opportunity. The Village would be in a stronger position if it had a permanent millage rate.

Peddie stated that the only reason she would consider a ten year sunset provision is that she witnessed the failure of the Headlee override ballot proposal. She expressed concern about the stability of Beverly Hills in the future and the possibility of going back to 11 mills reduced by Headlee in ten years. Peddie thought that people realized what was going on in the economy, and would prefer a ballot proposal with no sunset provision.

Mercer agreed that the Village needs to address a number of financial issues. He understood the logic of a proposal without a sunset provision and the reasoning for adding a time limit. He thought that a ballot question asking for 12.9184 mills would simplify the proposal. Mercer thought that most residents understood the predicament the community is in and would approve the millage for Village operating expenses.

Mooney said that he was not necessarily in favor of a ten year limit philosophically; he was in favor of it pragmatically. It will demonstrate that the millage rate may be lowered if finances dramatically improve in the Village. His discussion with the Input Committee and people in the community led him to conclude that a ten year limit would be in the best interest of passing the millage proposal.

Stearn stated that the Village has not adequately addressed retiree health care costs, which this millage addresses. It protects the public safety department, the library, and general operations. This proposal represents a fundamental restructuring of how the Village is doing business. Council knows that the Village cannot operate at the current millage level in ten years.

Peddie said that Council needs to proceed with a proposal that represents the best chance of getting the millage passed. If people feel more comfortable voting for a millage with a sunset provision, it will buy the Village some time.

Stearn took a straw poll of Council, which determined that four members were in favor of a ten year millage limit with Briggs and Stearn favoring no time limit on the ballot proposal. Five affirmative votes are required to pass a resolution to approve ballot language. Mooney asked attorney Ryan for a determination on whether the ballot language could ask the electorate to change the Village Charter millage cap from 11 mills to 12.9184 mills for ten years, returning to 11 mills thereafter.

Council accepted additional comments from the audience.

Jim Osmer believed that a majority of Beverly Hills residents thought that the Council has always tried to act in the best interest of the Village. He heard Council members say that they thought that, philosophically, no sunset provision was the best way to operate fiscally. It was suggested that a ten year limitation would bring in more votes. Osmer did not think that the ten year provision would change the vote of someone who was strongly opposed to the millage proposal.

Alice Degregorio thought it made sense to ask for a millage cap with no sunset provision in order to better plan for the future. As a homeowner, she was concerned about the stability of the Village. She thought it would be confusing to have a variety of questions on the ballot.

Ryan left the meeting at 7:08 p.m.

Robert Deneweth commented that a 10-year time limit would allow Council and the Village to do a lot of planning; the economy could change in ten years.

Kevin Byrnes agreed with a millage proposal without a time limit. However, he realized that it was practical to present a ballot proposal with a ten year sunset provision on the basis that it will have a higher sell value for people who are not well informed.

Karl Woodard of Bellvine Trail, Public Safety Director, provided background on ways that communities provide funding for public safety services. Funding levels are not always based on general operating funds; there are communities that provide police service or fire service with dedicated millage. When the millage rate is approaching its sunset, those communities reassess their operation and what it would take to provide appropriate service levels. A decision is made on whether to go out for a renewal of the existing millage or ask for an increase. Maybe the Village council in ten years will be better able to address what is needed in terms of millage at that time.

Another show of hands demonstrated that there were five members in favor of a ten year sunset provision for the millage with Stearn favoring a millage proposal with no time limit.

Wilson summarized that Council is in favor of a ballot question authorizing a millage rate not to exceed 12.9184 mills to be divided three ways; include a ten year time limit, and; revert back to 11 mills for all general operating purposes on July 1, 2021.

Motion by Mooney, second by Koss, to direct Village Attorney Tom Ryan to draft ballot language for a Charter Amendment authorizing the Village to levy taxes not to exceed 12.9184 mills for a ten year period that would revert back to 11 mills for all general operating purposes on July 1, 2021. The first reading of a Resolution to approve the ballot language will be held on Monday, June 28, 2010 at 7:00 p.m.

Roll Call Vote:
Motion passed (6 – 0).

PUBLIC COMMENTS

None

COUNCIL COMMENTS

None

Motion by Mooney, second by Koss, to adjourn the meeting at 7:16 p.m.

Motion passed (6 – 0).

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary