

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

Absent: Briggs

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

President Stearn called the regular Council meeting to order at 7:30 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, Mooney, to approve the agenda as published.

Motion passed (6– 0).

COMMUNITY ANNOUNCEMENTS

None

CONSENT AGENDA

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

- a. Review/consider approval of regular Council meeting minutes of April 6, 2010.
- b. Review and file bills recapped as of Monday, April 12, 2010.

Motion passed (6 – 0).

BUSINESS AGENDA

REVIEW AND DISCUSS LOCAL ROAD PROJECTS FOR FY 2010/11

Council held a study session on April 13 to review the first draft of the FY 2010/11 budget. One of the issues raised was that no money was budgeted for local road resurfacing. Council asked administration to submit a proposal to include funds for resurfacing local streets.

Manager Wilson stated that he worked with Public Services Director Meszler to compile a list of projects that could be done in the 2010/11 fiscal year using some of the dedicated capital millage funds. Administration is proposing four resurfacing projects totaling over one mile of local roads with estimated costs as follows:

1.	Norchester from Beverly Road to Saxon (2,990 Lft)	\$67,760
2.	Wentworth from Riverside to Saxon (544 Lft)	\$12,321
3.	Madoline from E Rutland to Pierce (812 Lft)	\$18,400
4.	Locherbie from Southfield to Pierce (2,641 Lft)	\$59,864
	Total	\$158,345
	10% contingency	<u>\$15,834</u>
		\$174,179

Questions from Council were addressed by Wilson. After the completion of the Acacia Drain project, there will be \$1.5 million remaining in the dedicated millage fund approved for infrastructure capital projects. The major sewer repair and replacement work, which was the original goal of the dedicated millage, has been completed. The plan was to target local sewers when the major sewer construction was done. This is being accomplished with the sewer rehabilitation project.

It was indicated at the budget session that there is no capital money available for roads, and the Village can no longer subsidize road construction by transferring money from the general operating fund. Council wanted to continue to do some asphalt replacement on local roads. Wilson thought that the use of those dedicated millage funds was appropriate for this type of work. Remaining millage money has not been earmarked for other projects.

Mooney recalled that it was the understanding of the community that there would be road projects undertaken at the time the dedicated millage for sewer and infrastructure improvements was approved by the electorate. He affirmed the need for repairs on the selected streets.

Stearn expressed concern that funds be available in the event of an emergency requiring sewer repairs. Wilson responded that there are currently significant reserve funds within the Water and Sewer Operating Fund that would cover any emergency project that would arise. Stearn asked administration to consult with the Village consulting engineering firm and prepare a five year capital improvement plan.

Motion by Mooney, second by Oen, that the Beverly Hills Council instruct Administration to allocate \$175,000 from the dedicated infrastructure millage fund for an asphalt resurfacing project in FY 2010/2011 and to solicit bids for resurfacing of the following streets.

Norchester from Beverly Road to Saxon (2,990 Lft)
Wentworth from Riverside to Saxon (544 Lft)
Madoline from E Rutland to Pierce (812 Lft)
Locherbie from Southfield to Pierce (2,641 Lft)

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

REVIEW AND DISCUSS GENERAL FUND DEFICIT ELIMINATION PLAN

A memo from Chris Wilson dated April 16, 2010 outlined a strategy that administration is developing outside of the formal 2010/11 budget. Administration has been discussing a General Fund Deficit Elimination Plan for reducing costs in the Village General Fund should the November millage proposal fail. Wilson and Finance Director Wiszowaty have arrived at preliminary numbers as to the scale of necessary deficit reductions.

As currently projected for FY 2011-12, the Village of Beverly Hills will face a General Fund deficit of \$1.33 million if the millage vote is not successful. By this time, the use of additional funds from the fund balance to support the General Fund will not be an option. This deficit amount is equal to roughly 17% of expected General Fund expenditures.

Council has made a commitment to eliminate the contract with Baldwin Library without additional funding by the end the current fiscal year. The projected cost for participation in the Baldwin Library in 2011-12 is \$437,000. By eliminating this cost from the General Fund, the deficit is reduced to \$894,000.

If the remaining deficit of \$894,000 is divided proportionally within the General Fund between Public Safety and non-Public Safety items, the Public Safety Department would be responsible for approximately \$580,000 in cost reductions. The remaining deficit of approximately \$313,000 would be addressed through reductions in non-public safety areas of the General Fund resulting in additional loss of staff and reduction in services.

Public Safety Director Woodard is preparing a report on what these reductions will necessitate from the Public Safety Department. As stated previously, it will require reductions in current staffing levels of 5-6 full-time Public Safety employees. Wilson said that he and Wiszowaty are working to develop a plan for addressing these reductions. A formal proposal will be submitted to Council for its review in 4-6 weeks. Stearn reiterated that Administration is preparing a backup plan in the event the millage proposal fails in November.

Mooney recapped that, due to the continued decrease in State Shared Revenue and a severe decline in Village property values, the difference between tax collections in previous years and the anticipated tax collection in 2011-12 is a loss of \$1.6 million in income. Administration has been able to make cuts resulting in saving \$300,000- \$400,000 in expenses incurred by the Village. There is nowhere else to cut other than to suspend library service and reduce the number of public safety officers.

If the voters approve a millage proposal that would eliminate the \$1.3 million deficit, it would be a short-term solution to the Village's problems and allow Council and Administration an opportunity to address financial issues on the horizon. Examples of measures that will have to be undertaken in the future in terms of further sharing of services with other communities are regional consolidations that would include sharing of fire apparatus, police dispatch service, and building departments. Council is hoping to convince the community to vote for a millage proposal that would provide a bridge loan to reach a point where the Village and surrounding communities begin to regionalize services.

Wilson agreed that the move toward consolidation is inevitable and that the revenue structure in the State of Michigan is going to force consolidations. The important thing for communities to consider is what position they will be in when the time comes to negotiate shared services with surrounding communities. A municipality in a position of desperation does not make for a good business negotiation. The Village must be self sustaining and not be viewed as a liability if it is to enter into an arrangement that is best for both communities and the residents.

Stearn stated that it has been suggested to Council that the last union contract that it signed with the public safety officers and command officers has put the Village in a position where it has a large unfunded retiree health care benefit liability. In actuality, those promised benefits go back decades. Every time a union contract is signed, there are benefits that are locked in at that time. If a contract was approved in 2001, whatever health care benefits were promised to retirees in that contract will have to be paid in the future. There is nothing that can be done to change those legacy costs short of bankruptcy.

Actuarial studies indicated that the Village's unfunded liability will be \$15 million over a 30 year period. The actuarially calculated accrued liability is \$550,000 per year. Council has made a commitment to pay as much of that liability in the present as it can.

Stearn asked if there was anyone in the audience who would like to comment on the General Fund Deficit Elimination Plan. Council is looking for specific suggestions on how to eliminate potential deficit should the millage vote fail.

Kathleen Berwick of 31381 Kennoway Court suggested that local government be forced to act like the private sector. She proposed that Council make cuts in the salaries of all its employees.

Bob Walsh of 20655 Smallwood Court commented on the number of public safety officers that would have to be cut to reach the necessary \$580,000 in cost reductions. He maintained that the cost of retaining a PSO is \$150,000 rather than \$100,000 and that the deficit reduction in the Department could be reached by laying off four officers, not five or six. Walsh questioned the amount of overhead expense incurred by scheduling two supervisors on each shift.

Walsh proposed that employees be required to contribute to the cost of their health insurance premiums. It was also his opinion that the amount of coverage for employees was too high. Walsh objected to the cost paid for Medicare supplements to employees over the age of 65 with primary Medicare coverage.

Walsh said that he understood that union contracts signed in previous years are binding for those individuals. He is proposing that the Village change union contract terms for new hires. Walsh also thought that the issue of defined benefit versus defined contribution should have been a negotiation point during past negotiations. Act 312 is a concern when negotiating a contract, but there are communities that have benefited in the Act 312 arbitration arena. Walsh concluded that Council has the ultimate decision and control by setting the number of employees.

Teri Caroselli of 16285 Kirkshire had a concern that large healthy trees were being cut down in her neighborhood. She questioned Council's priorities in terms of budgeting and policies. Stearn invited Ms. Caroselli to attend the next budget study session. She could also contact Village administration and ask for information about tree removal occurring in her area.

Robert Deneweth on Arlington made the point that Beverly Hills has already cut back in terms of staff and services. He asserted that a municipality is different from a business in that, if cuts are made, they could endanger people's lives and property. The bottom line of the Village is the well being of its citizens; the bottom line of a business is profit.

Stearn related that he reviewed past Council meeting minutes from 1998 to 2002. He referred to information contained in those minutes to provide background information on action taken by Bob Walsh and other members of Council to ratify precedent setting municipal and public safety union contracts; to increase the number of public safety officers to 25 and then 26; and to support a ballot proposal to increase the millage cap from 11 to 13 mills in order to maintain the current level of services. That millage proposal failed in March of 2000; Council and administration have been making budget cuts since then.

Stearn thought it was interesting that there are continuing conversations about union contracts and negotiations. The Village is currently in negotiations with all of its public safety department unions. It appears that arbitration may be imminent because the Village has not been able to negotiate the reductions it needs to maintain fiscal stability.

Stearn emphasized that the community will have to realize at some point that the electorate is either going to have to raise the millage cap or it will lose library service, lose 4-6 public safety officers, and lose \$300,000 more of municipal staff. He hopes that people are listening to what is going on.

Berndt believed that past councils were doing what they thought was right and necessary and making decisions that resulted in a community that its citizens have enjoyed since that time. He believed that Bob Walsh, Todd Stearn and other members of Council at that time were acting responsibly. Berndt stressed that a municipality cannot keep making cuts and expect things to remain the same.

Oen commented that the Village is in the service industry and cannot operate Beverly Hills as a business. The Village cannot continue to lay off public safety officers and be able to protect the same number of citizens. Stearn's review of past Council meeting minutes demonstrated that past Councils realized that there was a problem with the amount of the millage cap 10 years ago. Oen referenced the photographs of previous council presidents on the wall noting that many people have worked hard to build what the Village has today. This Council wants to do what is best for this community.

Peddie commented on the efforts of Council and Administration to address the Village's financial situation and make budget decisions, particularly during the severe economic downturn that resulted in a steep decrease in revenue. If the Village continues to make cuts, Beverly Hills will not be able to take care of itself and would be in a poor position to join with other communities to negotiate shared services. Peddie intends to go forth with a positive attitude that the community will choose to continue to be a good place to live into the future.

REVIEW AND DISCUSS REPORT ON VILLAGE CONSOLIDATION EFFORTS

Wilson prepared a memo outlining the efforts that the Village has made towards consolidation of services in the past and analyzing potential arenas for future consolidation or privatization. The following is a summary of services in the Village that have been consolidated or privatized.

Library Services

The Village of Beverly Hills has participated with the Baldwin Library in Birmingham to provide library services to Village residents. The contractual arrangement with Baldwin has provided access to an excellent library facility in Birmingham, plus libraries in surrounding communities, at a cost much lower than the Village could provide on its own. Further, on a per capita basis, Village residents pay much less than residents in most surrounding communities. While affordable, this contract and service will be eliminated if the Village is unable to procure additional revenue to support this service.

Public Works

The Village of Beverly Hills was one of the first communities, and remains one of the few, to completely privatize services within its Public Services Department. Manpower and equipment for Public Services is provided by Comeau Equipment, while maintenance and repair of water and sewer infrastructure is provided by the Oakland County Water Resources Commissioner. Through privatization and contracting

the Village receives better quality services for less cost. Recently, the Director of the Public Services Department agreed to work on a part-time contractual basis saving further money for the Village.

Building Department Inspections

The Village of Beverly Hills currently utilizes private contractors for the performance of all inspection services within the Building Department. Fees for these services are divided between the contracted inspectors and the Village. The Village also utilizes a private company for site plan review and for professional guidance to the Planning Board. The Village recently eliminated the full-time position of Building Official and utilizes only one full time clerical position in the Building Department to handle all operations. Accordingly, Building Department expenses have been reduced by nearly 50% in two years.

Assessing Services

The Village of Beverly Hills currently receives Assessing Services through Oakland County via Southfield Township. Through Oakland County, the Village receives far better quality of assessment services and information and much lower costs than it could receive on its own.

Drinking Water

The Village of Beverly Hills is one of the original members of the South Oakland County Water Authority (SOCWA). Through this arrangement, the Village is able to procure water through the Detroit Water and Sewerage Department (DWSD) at lower costs than it could if it was to purchase water directly through DWSD. Additionally, the Village benefits from the fact that SOCWA owns, operates and maintains significant portions of the water system infrastructure throughout the SOCWA area achieving cost savings for the Village and all other member communities.

Refuse Disposal and Recycling

The Village of Beverly Hills is also a member of the South Oakland County Resource Recovery Authority (SOCRRA). Through our participation in SOCRRA, the Village receives very competitive rates for garbage collection and disposal through the use of competitive bidding for services in all communities. In addition, SOCRRA provides recycling services that allow the Village to offset its costs for garbage disposal through the selling of recyclable materials on the open market.

Sewage Services

Treatment and disposal of sewage is ultimately the responsibility of the Detroit Water and Sewerage Department. However, the Village is still a participant in the Evergreen Farmington Sewage Disposal System (EFSDS). The EFSDS is operated by the office of the Oakland County Water Resources Commissioner. Separately, the WRC also performs maintenance and repair of much of the Village's sewer infrastructure on a contractual basis.

Elections

In recent years, the Village of Beverly Hills moved its elections from March to November and agreed to allow the administration of their elections to be handled by the Southfield Township Clerk to reduce the costs of holding Village elections.

Professional Services

The Village of Beverly Hills receives a vast array of professional services on a contractual basis as opposed to having these services provided by Village Employees. These services included legal services, audit services, planning services, benefits administration and others.

Code Enforcement

The Village of Beverly Hills utilizes a part time employee to handle all code enforcement within the Village. Additionally, the Village has been able to procure a contractual arrangement with the neighboring Village of Bingham Farms to allow Beverly Hills to provide code enforcement services to

Bingham on an as-needed basis. The Village is reimbursed for their costs plus a minor administrative fee. This arrangement has been beneficial to both communities.

Prisoner Housing

The Village of Beverly Hills has been able to negotiate contacts with the City of Lathrup Village and the Village of Franklin to house and process prisoners for these communities. The Village has the facilities and the ability to perform this service for a fee at a rate less than these communities can do on their own. Again, this arrangement has been beneficial for all communities involved.

Public Services Provision and Administration

The Village of Beverly Hills has been able to procure a contractual arrangement with the Village of Bingham Farms for the provision of public works services and administration on an as-needed basis. The Village is reimbursed for its costs plus a minor administrative fee for work performed by our privatized public services firm and our part time Public Services Director. This arrangement has been beneficial to the Village of Bingham Farms and has had no negative impact on the ability of the Village of Beverly Hills to provide services.

Cable Services

The Village of Beverly Hills participates with the neighboring communities of Birmingham, Bingham Farms and Franklin on the Birmingham Area Cable Board. Through allocation of a portion of its cable franchise fees, the Village is able to receive far better quality of public information and production of local Village Council meetings than it would be able to achieve on its own.

Birmingham Area Seniors Coordinating Council and Center

Adults, 55+ years old, enjoy the social and educational environment that BASCC provides to those who live within the Birmingham School District. Beverly Hills residents benefit from the myriad of programs that the Village would otherwise not be able to offer.

Wilson emphasized that, when talking about consolidation, it should not be assumed that the Village of Beverly Hills will have to rely on someone else to provide services. There are opportunities for the Village to contract out its services to other communities if it remains self sustaining.

Koss commented that the Village's accomplishments in terms of consolidation and privatization represent 52 years worth of work to save tax dollars for residents while retaining quality services. It saddens her that this many years of being fiscally responsible could end in one year and with one vote. Koss did not think that it was possible for Beverly Hills or other communities to continue into the future without further consolidation and regionalization. Koss is hopeful that the people in the community will have faith and that the Village can be sustained for another 50 years.

Wilson stated that further opportunities for the consolidation of municipal services should become available as economic conditions continue to place a financial strain on communities throughout Southeast Michigan. Wilson provided an analysis of potential opportunities.

Police and Fire

Currently, the Village utilizes the Public Safety model to provide professional, full-time police and fire services at a reduced cost as compared to other communities that provide separate full-time police and fire departments. While efficient, there may still be avenues for consolidation or further efficiency of services provided by the Public Safety Department. While most of our surrounding communities do utilize separate police and fire departments, there are also surrounding communities such as Berkley and Bloomfield Hills that utilize the Public Safety model. Future consolidation or cooperation above and

beyond our current mutual-aid arrangements are a possibility, including a regional police, fire or public safety authority. Further, the Village Council should not dismiss the opportunity to utilize its efficient Public Safety model to expand its service area to surrounding communities.

Dispatch Services

Consolidation of dispatch services has been reviewed by the Council in the past and rejected, but it is likely this item may come forward again. Two neighboring communities have been conducting study sessions on combining all their emergency services, including dispatch services. Other communities in Oakland County provide dispatch services to neighboring communities and would be interested in expanding. Further, Oakland County provides dispatch services to numerous communities and could do the same for Beverly Hills. Additionally, the Village may have the opportunity to provide dispatch services for surrounding communities.

Tax Collection

Currently, Southfield Township collects taxes from Village residents for school and county taxes and the Village collects the village portion of local property taxes. The Village could pursue the consolidation of these efforts in either of the two offices to streamline efforts. Exact savings are unknown.

Building Department Services

Currently, the Village only retains one clerical employee in the Building Department on a full-time basis. The remaining services performed by this department are provided on a contractual basis. Accordingly, the costs for operation of our Building Department are quite low and have been reduced significantly in recent years. Nevertheless, some surrounding communities have been successful in contracting out their entire Building Department operations, most recently the City of Troy. Wilson suggested that the Village's current building operations would not function well if Beverly Hills were to return to a level of activity that was experienced 5-7 years ago. When activity picks up, the Village will probably have to look into another arrangement.

Utility Billing

Technology changes have significantly reduced the amount of labor and time needed to read water meters and produce utility bills. Currently, the Village reads all meters remotely from a vehicle that passes through village streets and collects all meter information on a laptop computer. The capability exists to remotely read all water meters at a fixed point. This would make meter reading and utility billing on a multijurisdictional basis a possibility. Some of our partnering communities in SOCWA have expressed an interest in pursuing this matter further. If progress is made along these lines, the Village would have the opportunity to do utility billing for a neighboring community, have a neighboring community do water billing for us, or participate with other communities through SOCWA for utility billing.

Council members asked that Administration post this report on consolidation of Village services on the Village's web page (www.villagebeverlyhills.com).

REVIEW AND CONSIDER APPOINTMENT OF ELECTED OFFICIAL AS SEMCOG DELEGATE

Motion by Mooney, second by Berndt, that the Beverly Hills Village Council appoint Walter Briggs as delegate and Ellen Marshall as alternate to represent the Village of Beverly Hills in the Southeast Michigan Council of Governments (SEMCOG) for a term to expire on December 31, 2010.

Motion passed (6 – 0).

PUBLIC COMMENTS

Teri Caroselli on Kirkshire commented that Bingham Farms contracts for its building department service with the City of Southfield, which works well for them. She suggested that this is something that the Village might want to explore. Caroselli thought that there will be more options in this economy for sharing services because cities are looking to increase revenue and maintain staff.

Edna Freier of Woodhaven Lane thought that Beverly Hills could lose its identity if it contracts out all of its services. She expressed concern that the Village and its neighborhoods would be in jeopardy without adequate police and fire protection and without the educational opportunities that it currently enjoys. She urged all residents to take stock of what it means to live in Beverly Hills.

Kathleen Berwick of Kennoway Court thanked Wilson for the summary of shared services. She thought that the most costly service provided by the public safety department should be addressed in terms of consolidation. She would like to see police protection on a county level.

Robert Deneweth of Arlington Drive stated that Beverly Hills has been one of the five safest villages in the state for the last 10 years or more. It's difficult to criticize a public safety department that provides that kind of protection. Deneweth was irritated with criticism of Council decisions that were made years ago along with the suggestion that they could be easily reversed.

Vince Borowski of W. Chelton commended the Manager and Council on the consolidation of services report and the analysis of potential future opportunities. When it comes to the identity of the community, we are all identified as Detroiters and members of Oakland County. Borowski believed that Beverly Hills is identified by its community activities such as the Memorial Day parade and carnival, Halloween Hoot, Winter Family Fun Day, Park Clean Up day, Beverly Hills Little League, and even the local watering hole. These can all be recognized as part of the community.

Bob Walsh of Smallwood Court commented on specifics of the proposed 2010/11 budget and concluded that the majority of the budget is basically the same as the current year's budget. Walsh believed that legacy costs were not an issue 10 years ago. Labor contracts signed at that time were for a defined period. He understood that employees covered by a contract would retire under those contract conditions. Walsh thought that new contracts could be implemented for new employees and that Council should define its future with new employee contracts. If people see that type of activity, there could be different trends in voting.

REPORTS – MANAGER

Wilson mentioned that the recycling bin blitz is continuing through April. Residents can pick up new bins at the Village offices for \$6 each in lieu of the normal \$12 rate.

The sewer relining project work continues; it is anticipated that the completion date of June 2010 will be met. Residents who have questions or problems arising from this project are encouraged to contact the Village office at 248-646-6404.

Mooney asked that Wilson determine who is cutting down trees in the Kirkshire area and communicate that information to Ms. Caroselli.

Stearn said that Bill Lamott, representing the Birmingham Area Senior Coordinating Council Board, has asked that a representative of Council or Administration be appointed to attend their BASCC Board meetings. The meetings are at 1:30 p.m. on the third Tuesday of the month at the Midvale Center in Birmingham.

Council members were not available to attend an afternoon meeting. At the suggestion of Council, Wilson will check the availability of Ellen Marshall or another member of Administration to attend those meetings.

REPORTS – COUNCIL

Oen commented on an article in the Sunday, April 18 Free Press reporting that Lathrup Village will be asking for a millage increase. He made comparisons with the Village's millage proposal and commented on the efficiencies exercised by Beverly Hills. Oen related some of the contract concessions that were part of the last public safety union contract and the resulting cost savings in the area of health care.

Koss related that she had the opportunity and privilege to meet with several former council members at an Input Subcommittee meeting. She witnessed their pride in the community and heard their rationale for decisions made in past years. Koss thanked those people for taking the time to speak with her and Mooney and provide insights on the Village's financial situation and input on how Council can preserve what we have in this community.

Berndt referred to Mr. Walsh's observation that the proposed budget was essentially the same as last year's budget. This demonstrates the point that there is nothing left to cut. Administration and Council are trying to keep Beverly Hills the way it is. Berndt talked about the value of a safe community.

Mooney reported that council member Koss, Finance Director Wiszowaty and he met last night with past members of Beverly Hills councils including the following: Bob Stansberry, Judge John O'Brien, Gerry Gorcycya, Pam Rijnovean, Hildreth Buterbaugh, Jim Delaney, Andy Craig, Greg Burry, Janet Mooney, Phil Schmitt, and Charlie Streeter. They all provided input and guidance that will help Council convey its message to the electorate about the financial condition of the Village.

Stearn thanked Mooney and Koss for heading the Input Subcommittee. It is an outreach program involving meetings with community leaders that will assist in Council's attempt to communicate information to the electorate on the financial crisis facing the Village and the upcoming millage proposal. There will be more of these outreach programs in the next several months.

Stearn talked about his review of past meeting minutes. It was interesting to recognize that the 13 mill number is the same millage cap amount that Council talked about a decade ago. The voters did not approve the millage proposal, and councils have been struggling with Village finances ever since. There have been efficiencies, cuts and consolidations. Beverly Hills is at the point now where services will be taken away.

The last several years have seen a huge drop in state shared revenue and property tax revenue. The Village has been able to retain good services and resources for citizens up to this point. Stearn is asking people to become informed on the Village's financial situation and the upcoming ballot proposal.

It was a consensus of Council to schedule another budget study session as an agenda item for the regular Council meeting of May 4, 2010.

Motion by Mooney, second by Peddie, to adjourn the meeting at 9:41 p.m.

Motion passed.

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary