

Present: President Koss; President Pro-Tem Briggs; Members: LaFerriere, Mercer, Mooney and Oen

Absent: Prew

Also Present: Manager, Wilson  
Finance Director, Wiszowaty  
Director of Public Safety, Woodard

President Koss called the special Council meeting to order at 6:08 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road. This is a special session of Council for the purpose of reviewing the proposed budget for fiscal year 2011-2012.

#### **ADDITIONS TO AGENDA/APPROVE AGENDA**

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

Motion passed (6– 0).

#### **STUDY SESSION TO REVIEW FISCAL YEAR 2011/2012 BUDGET**

Council is in receipt of the proposed 2011-12 fiscal year budget for their review. Included in the budget book are complete preliminary budgets for the Village General Fund, Public Safety Fund, Library Fund, Major and Local Street Funds, Water and Sewer Fund and additional Special Revenue Funds comprised of the Drug Enforcement Fund, Retiree Health Care Fund, Vacation Reserve Fund and Sick Leave Reserve Fund. Wilson mentioned that Administration has prepared a two-year budget at the direction of Council.

In November 2010, Village residents passed a ten-year millage in the amount of 12.9184 mills. This millage is split between the Public Safety Fund at 9.9000 mills, the General Fund at 2.1000 mills, and the Library Fund at 0.9184 mills. Wilson stated that the budget as prepared differentiates the Public Safety Fund with a separate revenue stream using the 9.9 mills plus additional revenues generated by the department. The 2.1 mills levied for general administration will cover general fund expenses without public safety or the library. The 2.1 mills for general administration plus other revenues through fees and state revenue sharing will be available to the Village. It is the recommendation of Administration to levy approximately 1.49 mills for general administration to cover costs. The Village will continue funding of library services with the Baldwin Library with the dedicated 0.9184 mills.

Wilson commented on the changed format of the budget due to the dedicated millage resulting from the November election. He mentioned the difficulty with providing a comparison of actual budget figures for the two years prior using the new format.

Wilson stated that the proposed budget does not increase the \$100 Rubbish Collection and Rubbish Disposal Fee. Administration proposes to leave salary and wages at zero percent increase this year for all staff in the general administration departments. The Village will fund 100% of the Annual Required Contribution for the Retiree Health Care Fund this year for General Administration and in the Public Safety Department. The budget includes a transfer of

\$300,000 from the General Fund to the Local Street Fund in both 2011/12 and the 2012/2013 fiscal years for construction costs.

Wilson referred to a memo from Finance Director Wiszowaty that outlines changes to the draft budget since the document was distributed. These updates will be incorporated into the budget that will be presented to Council for consideration on May 3, 2011. The Village received the 2011 Taxable Value information from the Southfield Township Treasurer and Oakland County Equalization. The number increased from approximately \$470 million to \$472 million. This will mean a revenue increase of an additional \$2,400 for General Administration, \$16,270 for Public Safety and \$1,500 for the library.

Actual premiums for Retiree Health Care were received from Blue Cross and Blue Shield. The premiums decreased and the contingency increased by the same amount. The Village is fully funding the annual required contribution. There was a 10.1% increase in Blue Care Network premiums in lieu of the projected 10 percent.

There was a \$4,000 increase in the workers compensation premium from last year. The premium was adjusted to reflect the rebate applied against the premium instead of receiving an annual check. Rubbish Collection and Rubbish Disposal were adjusted based on projections from SOCRRA.

The combined millage rate will be reduced slightly to 13.2178 due to adjustment in CSO millage from 0.9087 mills to 0.9055 mills. Additional surplus in Public Safety or General Administration will be allocated to the Budget Stabilization Fund. Finance Director Wiszowaty added that the Southfield Township Clerk has given the Village information regarding potential Michigan Tax Tribunal adjustments that are coming up. It was noted that there may be adjustments moving forward.

Wilson reviewed the Fund Balance Report for the 2011/12 Budget. This year the Village is using \$396,557 of scheduled fund balance to balance the 2010/11 budget at Council's direction. An ending fund balance of 15.72% is projected for June 30, 2011. It is planned to take that to 16.72% as a dedicated fund balance of all operating expenses in 2011/12. Total reserves should equal about 17.72%. The proposal is to increase that by one percent per year to get the Village back to 20% total operating fund reserve.

Wiszowaty referred to the sheet entitled "2009-2012 comparison of expenditures by activity/line item". This reflects the percentage of change in line items from previous years. He reviewed a sheet comparing General Fund revenues from 2007/08 through estimated 2011/12 and proposed 2012/13.

In response to an inquiry, Wilson provided background on State Shared Revenue and projections for future amounts that will be received by the Village. Administration has budgeted over \$19,000 for the next two years for statutory revenue sharing. The amount allocated may be as high as \$28,000 depending on action of the Legislature.

Council went through the budget by department with questions and comments addressed by Wiszowaty and Wilson. Significant variances from the previous year's budget were explained. Topics of discussion included funding of OPEB liability, revenue sharing projections, legal fees, energy costs, and anticipated CDBG funds.

Wiszowaty explained that the Public Safety Fund is a new Special Revenue Fund this fiscal year as a result of the Charter Millage that passed in November of 2010. Public Safety receives a dedicated millage of 9.9000 for all operations. The Public Safety Department will also receive other Public Safety revenues such as District Court fines, employee pension contributions, Birmingham Schools school liaison reimbursement, and charges for services. This other revenue is estimated at \$300,000.

The biggest change in terms of public safety expenses is that the Village will set aside about \$81,000 into the Budget Stabilization Fund. The budget also proposes funding OPEB at 100% of the annual required contribution. The proposed budget for FY 2011/12 includes salary and wage increases remaining at 0%. Full time staff will remain the same. The arbitration award from the Public Safety Officers union contract is reflected in the budget.

Director Woodard stated that public safety revenue will increase by \$465,000 this year. Of that, \$430,000 will be spent on two line items having to do with retiree health care for active and OPEB costs. Department staffing will remain status quo in the next budget year with 23 sworn personnel and four dispatchers. Costs remain unchanged other than reductions due to concessions resulting from the completed contract arbitration. Woodard said that the Department is attempting to stay even with those things that it can control on the expense side. He summarized the proposed budget and addressed questions from Council, which included changes resulting from arbitration decisions.

Council reviewed the Major and Local Road Fund budgets and the Special Revenue Funds. The Water and Sewer Fund budget was discussed. Wilson is proposing a 4% increase in water and sewer rates for next year. The Village has held the line on water and sewer rate increases in the last few years under expenditure pressures. Upward pressure on water rates will increasingly be felt due to a decline in overall usage within the Village and the high proportion of fixed costs (over 50%) tied to debt within the Detroit Water and Sewerage Department.

Wilson explained that Administration is concerned about the eventual impact of changes in sewer charges that result from the meter based billing scheme implemented by the Water Resource Commissioner's office. While current funds are sufficient to cover anticipated charges from the Water Resource Commissioner for sewage disposal, rate increases will be inevitable should the sewer metering scheme be fully implemented in coming years. Because of the uncertainties put forward by this scheme and the potential for increases to the Village, Wilson is recommending a 4% increase this year almost entirely to offset increases from the Water Resource Commissioner's office.

**PUBLIC COMMENTS**

In answer to an inquiry from John Lanigan, it was noted that the budget document will be posted on the Village website. Copies of the draft budget are available for public review at the Village office.

**COUNCIL COMMENTS**

None

Motion by Oen, second by Mercer, to adjourn the meeting at 8:00 p.m.

Motion passed (6 – 0).

**Rosanne Koss**  
**Council President**

**Ellen E. Marshall**  
**Village Clerk**

**Susan Bernard**  
**Recording Secretary**