

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

Absent: None

Also Present: Manager, Wilson
Assistant Manager/Clerk, Marshall
Finance Director, Wiszowaty
Public Safety Director, Torongeau

President Koss called the special Council meeting to order at 6:10 pm 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 2012-2013.

ADDITIONS TO AGENDA/APPROVE AGENDA

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

Motion passed (7– 0).

STUDY SESSION TO REVIEW FISCAL YEAR 2012/2013 BUDGET

Council is in receipt of the proposed 2012-13 fiscal year budget for their review. Included in the budget book are complete preliminary budgets for the General Fund, Public Safety Fund, Library Fund, Major and Local Street Funds, Special Revenue Funds (Drug Enforcement, Retiree Health Care, Vacation Reserve and Sick Leave Reserve) and Water and Sewer Operating budgets.

As was done last year, Administration has prepared a two-year budget including estimated revenues and expenses. Wilson presented highlights of the budget document. The proposed General Fund budget will generate revenues of \$2,212,557 based on a millage rate of 1.5843 mills. Revenues and expenses are projected to stabilize over the next two years. This is attributable to the stabilization of the Village's taxable value, which is projected to increase at roughly 1% for FY 2012-13 and 2% for FY 2013-14 after a period of significant decline.

The General Fund millage will generate \$756,254 of revenue. It is anticipated that other major contributions to General Fund revenue will be about \$680,000 in State Revenue Sharing and \$421,000 from the garbage fee collections. The recommendation is to maintain the garbage collection fee at the current level of \$100 per household, which will bring in about 65% of the expected cost of garbage collection and disposal. The rate of 1.5843 mills is less than the 2.1 maximum millage allowed by the Village Charter. This level is sufficient to operate the General Fund in the next year based on the budget prepared by Administration.

It is proposed to levy the 9.9 mills for Public Safety Department operation as approved by the voters in November of 2010. The total Public Safety Department revenues will be about \$5,068,191. Cost savings generated by Council's decision to merge dispatch services with the City of Birmingham will be included in the budget. It is anticipated that the arbitration award for the Command Union will closely mirror what was awarded to the PSO union. The Public Safety

Department Budget will have a \$124,841 surplus based on those assumption. Wilson is recommending to Council that the Village allocate that surplus to the hiring of one additional Public Safety Officer to fill a position that has been vacant due to lack of funds. This can be done because all costs for current and future liabilities for pension and health care are being met through this budget.

The budget calls for adding over \$100,000 to the budget stabilization fund in the Public Safety Department in an effort to allow the Department to create its own fund balance. There will be \$25,121 added to the General Fund for budget stabilization as agreed upon by Council. This will add 1% back into the fund balance over a five year period to return to a level of 20% of general fund and public safety operations. The same contribution is allocated for year 2013-14.

In the Road Funds, \$300,000 will be transferred from the General Fund to the Local Road Fund. A Local Road concrete replacement program has been scheduled in the amount of \$339,000, which is similar in scale to the project budgeted last year. A majority of the work will be done on residential roads. The library millage approved by the voters in 2010 is set at 0.9184; it is anticipated to generate \$438,389 with the increase in taxable value.

Wilson is recommending an increases in water and sewer rates of 8% and 12% respectively. This is due to rate increases from SOCWA (Southeastern Oakland County Water Authority) and ongoing cost increases and volatility in sewer charges related to billing structure changes from Oakland County Water Resources Commissioner John McCulloch. Finance Director Wiszowaty has carefully analyzed projected expenses and revenues in this department. Even with the proposed rate increases, the Water and Sewer operating budget is projected to have expenses in excess of revenue of just over \$250,000. There are adequate funds available in existing fund reserves to cover this amount.

Wilson pointed out that revenues and expenses over the period of this two-year budget are relatively stable. Current housing trends indicate more stability over the next two years. Because of some of the decisions that Council has made in regard to revenue, arbitration achievements and consolidation efforts, the Village is on a more stable and predictable path. Credit is due Council for tough decisions that have been made. Wilson acknowledged Finance Director Wiszowaty for his work on the budget.

Wiszowaty talked about a change from last year in terms of contributions to the Public Safety Pension Fund following the arbitration award from the PSO union. Whatever is collected from the PSOs will be sent on a quarterly basis to the Pension Fund to tie in with the Village's contribution.

Wilson and Wiszowaty addressed comments and questions from Council on the topics of pension and retiree health care liability, expenditure assumptions year over year, health care reforms passed by the state, public safety budget funding projections, and vehicle purchases. Wilson affirmed that the Village is fully funding the pension and retiree health care liabilities on a 30-year amortization schedule.

PUBLIC COMMENTS

None

COUNCIL COMMENTS

None

Motion by Oen, second by LaFerriere, to adjourn the meeting at 6:45 pm

Motion passed (7 – 0).

Rosanne Koss
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary