

Present: President Mooney; President Pro-Tem Peddie; Members: Abboud, Delaney, Kelly, Mueller and Oen

Absent: None

Also Present: Manager, Wilson
Assistant Manager/Clerk, Marshall
Public Safety Director, Torongeau
Village Attorney, Ryan
Finance Director, Wiszowaty
Public Services Director, Meszler
Former Village President, Rosanne Koss
Planning Commission chair, Ostrowski
Parks and Recreation Board chair, Kondak
Retirement Board chair, Maxwell
Birmingham Area Cable Board chair, McLain

Council President Mooney called the special Council meeting to order at 9:10 a.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

FINANCE

Budget Outlook 2015-2016 - Wilson reported that the Village is in good financial shape at this time. A surplus in the General Fund is anticipated for next year of just over \$100,000 and a \$134,000 surplus in the Public Safety Fund. These figures are based on a taxable value increase of just under 3 percent for next year. An important change in the budget is that it will include more money for roads in 2015-16. It is proposed to transfer \$500,000 from the General Fund to the Road Fund for road improvements. This money will go towards the Lahser Road improvement project as well as asphalt paving in the Village.

At the conclusion of the next fiscal year, the General Fund balance is anticipated at \$1.8 million with an \$800,000 surplus in the Public Safety fund. The Village is well on pace to establish a 20% fund balance for the Public Safety fund (\$1 million) by the time the millage expires in 2021-22. The percentage of the General Fund balance is projected at 50.96% in June 30, 2015. Wilson noted that the Village has liabilities with respect to road and sewer projects and pension liabilities. The millage increase was designed as a ten-year period where the Village would bank some cash in order to be prepared for the time when the current millage rate expires.

There will be discussion about how the Village will transition in the next five or six years for the millage sunset when it reverts to 11 mills. Wiszowaty added that the voters were promised that 100% of the pension cost and OPEB (Other Post Employment Benefits) would be funded. The Village is paying into its liabilities as promised.

Pension Status/OPEB status – It was explained that the Village pays an annual contribution to the pension fund to ensure that pension costs for current employees will be met. The pension fund through MERS is fully funded so that the Village can pay all of the retired employees and potentially pay all retirees that will come out of this department. According to the actuarial assessment, the Village has enough cash on hand today in its pension fund to meet past and future obligations. The past and future liability amount required is approximately \$21 million.

The Village is contractually obligated to pay benefits to current and future retirees. The actuaries estimate the cost of future retiree benefits; the Village contributes to this cost amortized over a 30 year period. It is estimated that the Village's OPEB liability in terms of employee health care is \$15 million. As of today, there is \$4 million in assets in this fund; the Village is about 26% funded. The Village is being aggressive in its annual payments for OPEB costs; it continues to "pay as you go" for current retiree health care costs. Wilson highlighted future projections to explain how the Village may be able to transition its retiree health care cost out of the budget to the Health Care Fund. It is anticipated that the Health Care Fund will accumulate \$10.6 million by 20/21 by not using the Fund for health care payments.

Mooney summarized that, based on current fiscal policies, the Village is in good shape in terms of the pension and OPEB funds. It is the recommendation of Council that the Village continue along this path.

Dedicated Millage History and Expiration – Attorney Tom Ryan stated that the Village millage rate will revert to 11 mills in 2021/22. Depending on the CPI (Consumer Price Index) in the following years, that millage rate might be reduced further. The 12.9184 mills approved in 2010 included 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 actual millage levied was slightly under the approved millage rates. Ryan affirmed that the millage could continue to be divided three ways administratively at the end of the sunset period. State Law allows for other millages that do not require a vote by the electorate including up to 3 mils for rubbish and refuse collection and 1 mil for library services.

Wilson related that the total current levy for public safety, general fund and library is 12.5225 mills today. When the maximum millage rate reverts to 11 mills, it would be a reduction of 1.525 mills. One mill is currently equal to \$516,000. The Village would have a loss of revenue of \$787,000.

Wilson talked about how to make up that lost revenue. He has indicated that retiree health care costs could come out of the Health Care Fund (\$670,000 savings). The State will have a ballot question this year regarding road construction that would result in an increase of as much as 85% in Act 51 money to the Village annually (\$450,000). That would alleviate the contribution from the General Fund for road construction. The Village currently levies a charge for rubbish collection, which does not cover the entire cost of service. The Village subsidizes that cost from the General Fund in the amount of \$180,000. In addition, the State allows a municipality to levy up to one mil administratively by a vote of Council for library services.

There was a consensus that the Village has a fiscally responsible course of action in place now and that Council and administration should continue along that path in anticipation that the Village will revert to 11 mills in FY 2021/22.

INFRASTRUCTURE

Road Repair Schedule – The road construction budget for the next fiscal year will be \$500,000. Wilson referred to a color-coded map of the Village to point out proposed road repairs for the next year. Beverly Hills will be coordinating with an Oakland County project to improve Lahser Road. The Village's portion of the construction including curb work and sidewalk on the west

side of the road between 13 and 14 Mile Road will cost a little over \$200,000; Beverly Hills will use tri-county funding available for this project. The total cost will be about \$117,000.

Wilson outlined the higher priority roads in need of repair this year. It is proposed to go out for bids and start the work early this year. The work proposed will be asphalt construction. There will be some concrete rehabilitation work done on the Riverside bridge.

Wilson mentioned another pressing road repair issue, which is a section of Evergreen up to Beverly Road and going east on Beverly Road. This work will be delayed so as not to have construction going on at the same time that Lahser Road is closed. Council members expressed some concern with delaying this project due to the condition of the road.

Mooney remarked that Administration is moving forward with road repairs according to adopted policy. Council asked that an item be placed on its agenda as soon as possible to authorize Administration to solicit bids for these road projects. Mooney requested that Administration prepare a report listing the priorities for local road construction over the next three years.

Sewer/Water Schedule of Repairs – Public Services Director Meszler reported that the Village is actively working toward completion of its SAW (Stormwater, Asset Management, and Wastewater) grant project. SAW legislation established a program for the planning, design and construction of improvements for the collection and treatment of wastewater and/or stormwater systems. The primary focus of the funding is to encourage developing asset management programs that outline cost-effective improvements, operation and maintenance measures.

Meszler reported that he anticipates that it will be June or July before the work is completed. Every sewer in the Village is being cleaned and inspected; there will be GPS locations on all manholes. Contractors are running into root intrusion, which is slowing the project down. They are finding areas that are in dire need of repair. In some instances, aging sewer lines are in danger of collapsing.

Meszler indicated that preliminary plans are being prepared for these repair projects. Some will be point repairs that need to be dug out and replaced; other portions will be relined only. He clarified that all sewers needing repairs will be lined; 25% will be point repairs. In response to an inquiry, Meszler estimated the cost of repairs to be approximately \$500,000. Meszler suggested that the work be done together to save on contractor costs. Meszler anticipated having a full report on the sewer repairs within the next two weeks. Council members will receive and review the report and decide whether it should be an agenda item.

Mooney asked if there were any water mains or other infrastructure that should be addressed over the next five years. Wilson responded that there is a water main issue on the east side of the Village. There are a few blocks of an old 4" water main, much of which runs through rear yards. The area is basically bounded by Southfield, Greenfield, Beverly and 14 Mile Road. The mains in that area are at least 50-60 years old. The houses are close together in this section of the Village, and portions of mains are located under garages and trees. Meszler talked about how to proceed with this project, noting that the cost of front yard hookup would be significant.

A recess was called at 10:05 a.m. The meeting reconvened at 10:14 a.m.

Sewer and Water Rates – Wilson said that everyone will hear a lot about water and sewer rates in the next year or two. There has been discussion that DWSD (Detroit Water and Sewer Department) usage has gone down because of population loss and loss of industrial use system wide. Those factors do not apply to Beverly Hills, although water use in the Village has dropped by 30% since 2001. As usage goes down, water rates increase. Wilson reviewed water and sewer rate history since 1986.

The Great Lakes Water Authority was created in September as part of Detroit's bankruptcy and marks a shift in control over the city water system. The city will still manage the pipes and pumps within the city limits, but the suburban parts of the system and the plants used by everyone, including the sewage treatment plant, will be managed by the Authority. Under the agreement, Detroit will retain ownership of the area's water and sewage system, but the suburbs agreed to a 40-year, \$50 million annual lease that gives them more of a stake in the operations.

There followed a lengthy discussion about fixed costs and the need for municipalities to get away from charging for this utility based primarily on usage. In reality, the cost of water production is minimal (taking the water out of the Detroit River and treating it). The cost to pump water to houses and take it back to the sewer treatment plant is expensive. Much of the cost is fixed into the water and sewer infrastructure, tanks, and plants. The cost of producing the water is minimal. DWSD wants the municipalities to figure out a way to pass on fixed costs to the end users.

Wilson suggested that the methodology of billing based on usage has driven usage down. This has been a topic of discussion at SOCWA meetings where it was agreed that there is a need to change the methodology to charge for fixed costs. How to arrive at a fixed cost component that is equal for every house will be a challenge. There will be further discussion on water and sewer rates and how to assess fixed charges.

Wilson mentioned that the SAW grant required that the community conduct a rate study. Hubbell, Roth & Clark is currently examining the Village's expenses and infrastructure needs in order to make a recommendation on what the rate structure should be going forward. HRC will probably recommend an increase in rates. The study will provide useful data, but the Village will have to think about generating revenue in different ways. The Village needs to generate money for maintaining the water and sewer system through water and sewer billings. Raising rates will force use back down. There was discussion about the 15% deficit between revenue and expenses in the Water & Sewer Department.

There will be a water and sewer rate increase for next year. Wilson said that consideration has to be given to how the Village is billing for its fixed costs for delivery to each home. The Village will need to reconfigure the way that it will charge for access to water and sewer in order to collect a sufficient amount of money to maintain water and sewer service for the community. This will involve restructuring of rates and a different mechanism of billing, possibly monthly billing.

There was agreement among Council members that communicating the water and sewer rate predicament to residents soon and often will be critical. There should be an established plan in terms of including information in every newsletter to advise residents that the water and sewer rate structure is a problem that the Village is investigating and that rates will increase.

Koss suggested that consideration be given to the rate plan in terms of the taxable value of homes to determine a set fee. A person who lives in a smaller home will not be able to pay the fee of someone who lives in a large home. Maxwell questioned whether the fixed cost could be determined by a water availability factor based on the size of the water line going into a residence. Meszler said that 70% of the homes in the Village have 1” services.

Mooney proposed establishing a subcommittee of Council to work with administration on devising a water and sewer rate structure and work on a communication plan to inform the residents of increased water rates from the DWSD. Council members Peddie, Mueller, and Kelly volunteered to sit on this subcommittee.

PUBLIC SAFETY

Personnel Changes - There was a discussion of personnel changes in the Public Safety Department due to the retirement of two lieutenants. The Department functions with four 12-hour shifts, two daytime shifts and two night shifts. There are currently two lieutenants and three sergeants. Manager Wilson and Chief Torongeau expressed their views on personnel changes. One option would be to maintain two lieutenant positions and four sergeants, which would be a reduction in the command structure. The other option is to function with two lieutenant positions, four sergeants plus a sergeant designated to the Detective Bureau. The Department is required to have a supervisor on shift all the time. How shift responsibilities would be handled under these two options was addressed.

There are 23 public safety officers in the Department at this time. Torongeau would like to maintain a four man minimum shift most of the time. He proposes hiring another PSO. It was indicated that 26 officers, which includes the Director and the Captain, would be a full staff. There were no objections from Council to hiring another public safety officer or structuring the command structure to add a sergeant designated to the detective bureau. It was mentioned that there was criticism from the public at the time of the millage vote that there were too many command officers. Council asked that the chief prepare an organization chart for the Department.

Capital Expenditures – Chief Torongeau talked about capital needs for the Public Safety Department including new garage doors and replacement of the generator. There is a need for a pumper to replace a 25-year old pumper that recently went out of service. The other pumper is 16 years old.

Wilson reported that money is being set aside in the fire truck reserve fund. There will be about \$100,000 in the fund at the end of this year. The cost of a new pumper is \$550,000-\$650,000. Council requested that Manager Wilson and Councilman Oen prepare a memo recommending how to proceed with the purchase of new pumper.

The purchase and use of body cameras for public safety officers was explored. Mooney would like to be advised if federal grants become available for this apparatus. Chief Torongeau related that the patrol cars currently carry video recording devices, and the officers wear microphones. Elaine McLain, chair of the Birmingham Area Cable Board, noted that grant funds are available from the Cable Board for cable and Internet use by the member municipalities. She added that the Village will be receiving its annual administrative grant in the amount of \$45,000 from the Cable Board.

Mooney related that there have been complaints received that the public safety building is not accessible or well lit. There followed discussion on how people can safety access the building.

A five minute recess was called at 11:10 a.m.; the meeting reconvened at 11:15 a.m.

PLANNING

Master Plan – Chairperson Ostrowski reported that the Planning Commission has undertaken a review and update of the Village Master Plan with the assistance of LSL Planning, Inc. The intent is to conduct a long-range look at a master plan for the Village and produce a usable document with more information and direction. The current Master Plan is more of an historic document.

The Planning Commission held a public workshop on the Master Plan project, which was not well attended. There will be a public hearing at the end of the process at the Council level. Council will receive an update on the progress of this work at its joint meeting with the Planning Commission scheduled for Wednesday, February 11, 2015.

Ostrowski talked about the differences proposed for the revised Master Plan document. The Southfield Corridor Overlay District will be included in the plan. The Master Plan will allow the Village to plan and recommend land use changes in the corridor. Revisions are proposed that will make it an effective planning document that provides information on different forms of housing and land use opportunities to accommodate the changing environment.

Other topics of discussion were the performance of LSL Planning, code enforcement, site plan implementation, adoption of a tree protection ordinance, and an update on Southfield Road reconstruction and boulevard. Mooney asked that the plans for Southfield Road improvements be made available to Council.

Mooney summarized the suggested topics of discussion for the February 11 joint meeting between the Council and Planning Commission. He asked Abboud and Kelly to work with the Planning Commission chair on drafting the agenda. Items included: Discussion of the Master Plan revision including cost and benefit; enforcement of ordinances and adopted site plans; nonconforming sign ordinance issues; Southfield Road Corridor overlay district and redevelopment plan; ideas for actively incentivizing and marketing the corridor as a redevelopment opportunity; business license and zoning compliance requirements for new businesses; sunset clause for nonconforming signs.

Attorney Ryan talked about recent sign ordinance enforcement activity relative to nonconforming signs in the Village. He described a recent issue involving interpretation of the sign ordinance with respect to whether a panel can be replaced on an existing nonconforming multi-tenant sign. There has been discussion about how to eliminate nonconforming multi-tenant signs without creating unintended consequences that are undesirable. There was concern about how partially blank tenant signs would look over a period of time. It was the position of the Village Attorney that the current sign ordinance language does not prohibit a tenant to replace a sign panel.

The possibility of a sunset clause on nonconforming signs has been a topic of discussion of the Planning Commission. The current sign ordinance would have to be taken out of the Zoning

Ordinance and moved to the Municipal Code in order to adopt a sunset clause. Ostrowski related that Planning Commission members have given serious consideration to this idea even if it meant subsidizing a portion of the cost of sign removal or replacement. The time period for a sunset clause usually extends 5-10 years. This could be a topic of discussion at the joint meeting with Council in February.

Peddie mentioned that the Planning Commission has discussed the adoption of an ordinance that would require new businesses to be licensed, which would involve a zoning compliance process before a new business can move into a site. The Village would inspect the site to determine conformance with ordinances and regulations including the sign ordinance, parking, etc. This will be an agenda item for the joint meeting.

Ryan related recent incidents where plot plans for residential developments have not been interpreted appropriately. This appears to be an administrative issue that is being addressed by the Village Manager, LSL Planning, and the Royal Oak building department.

ZONING AND BUILDING DEPARTMENT

Wilson proposed that the Village will ultimately need to employ a planning and zoning administrator to oversee the functions of the Planning Commission and Zoning Board of Appeals. The individual would not oversee building inspection permits, which is currently the function of the Royal Oak Building Department. There is a significant and increasing amount of work in the Village office in terms of site plan reviews, review for zoning compliance, and code enforcement issues that are not adequately handled at this time. Wilson is not suggesting that addition of a certified planner. He is looking for an individual who has the ability to understand zoning law, administer the rental housing program, and administer a building license program for the Village.

At the request of Council, Wilson outlined the functions performed by the City of Royal Oak building department, LSL Planning, and Village office personnel. The Village is responsible for all the Beverly Hills Zoning Ordinance aspects of site plans for residential and commercial plans. Royal Oak building department will review site plans for state building code compliance and they will issue all state building code permits (building, mechanical, plumbing and electrical). Royal Oak is responsible for issuing permits for inspections and performing inspections.

Wilson said that the Village should continue to have responsibility for its zoning regulations, signs, and code enforcement. When the Village verifies that a submittal meets all Beverly Hills zoning regulations, Royal Oak will issue the appropriate permits and perform the inspections per the state code.

Council comments and questions on this topic were addressed by Wilson. A concern was expressed as to whether there would be enough work to justify the use of a planning and zoning administrator position; Wilson affirmed that there would be. Council requested a written proposal that includes what duties are being done in house and what is being done by the Royal Oak building department along with an analysis of current market conditions that justify adding this position. Members were interested in receiving regular reports and the ability to track Village activity from the Royal Oak building department.

A subcommittee of Council consisting of Oen and Mueller will consult with Manager Wilson on drafting a proposal for the building and zoning administrator position. Council will consider a proposal at its second meeting in February.

The role and efficiency of the code enforcement officer was discussed. Wilson related that the code enforcement officer sends out at least 100 violation notifications per year. The law was changed, which resulted in these violations being civil infractions versus misdemeanors. A municipal civil infraction that is not addressed results in fines. The Village has no ability to take action to address a problem and charge the property owner. Ryan stated that if a municipal civil infraction is a chronic situation and it is brought to his attention, he can ask the judge to order that person to abate the nuisance rather than issuing a fine.

PARK

Parks and Recreation Board chair Bill Kondak reported that the Board has had recent discussion about park maintenance and capital improvement needs. Among the capital improvements considered were handicap accessibility around the play structure, replacement of fencing at Allerton, and new playground equipment. Maintenance needs include pavilion repair, play structure maintenance and replacement of wood chips, disc golf repairs, fencing and entrance along Beverly Road, picnic tables, grills, paved paths, sledding hill fence, ball diamonds, tennis, volleyball and basketball courts, and the parking lot.

Mooney emphasized the need for Beverly Park to be maintained and look good. Council is prepared to support Beverly Park. Mooney suggested that the Parks and Recreation Board consider the type of maintenance efforts that should be undertaken on a regular basis. The Beverly Hills Little League should be consulted about what additional contributions they would make towards ball field improvements. The Parks and Recreation Board was asked to advise Council of necessary maintenance and repair items as soon as possible before the budget process. Capital improvements on a year by year basis should be addressed by the Board. Mooney suggested that a Park Board member should be appointed to work with the Planning Commission to provide input to the Master Plan relative to Village parks.

Ostrowski stated that the tree preservation ordinance contains a clause that states that, if a developer cannot satisfy all requirements, they can pay into the tree preservation fund. Those public dollars could be allocated for tree plantings in the park or public rights-of-way.

MISCELLANEOUS

Village Hall Renovations – Abboud thought that more pride should be taken in the appearance of the Village offices and the first impression it makes on those who enter the building. He highlighted his inspection and assessment of the Village municipal building and outlined basic needs for the offices, lobby, council chamber and building signage that would make the structure more presentable. He proposed drafting a list of these items and creating a priority improvement projects for Council consideration. There were no objections from Council to proceed with this program. Council will consider authorizing Administration at an upcoming meeting to solicit quotes for professional design service and recommendations for improvements to the Village municipal offices. Wilson mentioned security issues at the counters that are open to the public.

Mueller talked about the Beverly Hills logo and the need for rebranding. He volunteered to prepare a report on rebranding the Village by the first Council meeting in March. Mooney asked Abboud to consult with Administration about renovation of the building and security issues.

Charter Revisions – Mooney appointed Jim Delaney to work with Administration and Attorney Ryan on preparing needed Charter Revisions that should be placed on the ballot and adopted. It was noted that the next general Village election will be in November of 2016.

PUBLIC COMMENTS

None

COUNCIL COMMENTS

Mooney expressed his appreciation to everyone who attended today's strategy meeting.

Motion by Oen, second by Delaney, to adjourn the meeting at 12:24 p.m.

Motion passed.

John Mooney
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary