

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

Absent: Member: Abboud

Also Present: Village Manager, Wilson
Village Clerk, Marshall
Public Safety Director, Torongeau

President Mooney 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, second by Mueller, to approve the agenda as published.

Motion passed.

COMMUNITY ANNOUNCEMENTS

None.

PUBLIC COMMENTS ON ITEMS NOT ON THE PUBLISHED AGENDA

None.

CONSENT AGENDA

Motion by Oen, second by Delaney, be it resolved that the Council for the Village of Beverly Hills approve the consent agenda as follows:

1. Review and consider approval of minutes of a joint Council/Planning Commission meeting held February 14, 2018.
2. Review and consider approval of minutes of a regular Council meeting held February 20, 2018.
3. Review and file bills recapped as of Monday, March 5, 2018.
4. Review and consider request from the Beverly Hills Athletic Club for the use of Beverly Park tennis courts during the 2018 season.

Roll call vote:

Motion passed (6-0)

BUSINESS AGENDA

REVIEW AND CONSIDER PROPOSAL FOR SOUTHFIELD CORRIDOR MARKETING PLAN

Village Administration, with the assistance of Gibbs Planning Group (GPG), posted a request for proposals for a proforma real estate development model to estimate the development costs, revenue, and potential return on investment for the land within the Southfield Overlay District. The Village received one bid for a lump sum price of \$10,000 from CORE Partners Associates. They have done similar work recently for the City of Troy and are located in Bingham Farms. GPG is familiar with the firm and has reviewed the proposal. GPG expressed confidence the company can perform the work as proposed.

Motion by Oen, second by Peddie, be it resolved that the Council for the Village of Beverly Hills awards the bid for the proposal for real estate development services to CORE Partners Associates for an amount not to exceed \$10,000, with work completed within sixty (60) days after which findings will be presented to the Planning Commission and Village Council.

Roll call vote:

Motion passed (6-0)

REVIEW AND CONSIDER STATUS OF VILLAGE DEBT AND BONDING OPTIONS

As requested by Council at the recent strategy session, Village Administration has compiled a report on our current debt position and options for debt financing or bonding moving forward. This report will establish our current debt position and provide detail on the areas that Village Administration sees the possibility or necessity of some type of debt financing in the future. As discussed at the last Council meeting the Village's current debt position is quite positive. Our current level of debt as a percentage of debt expressed as a percentage of current taxable value is just over 0.5%. The Village Charter allows for debt not greater than 10% of taxable value, or almost twenty times the current level. The relatively low level of debt the Village does have is being repaid at an aggressive rate; less than \$10,000 of the current debt amount of roughly \$3 million will be outstanding as of June 30, 2028.

There are two primary types of bond obligations that can be issued by municipalities. General obligation bonds are issued and backed by the "full faith and credit" of the municipality. Rates for these bonds are dependent upon the credit rating of the municipality. The Village has not been rated in many years and does not currently have a rating. Were we to receive a credit rating; based upon our financials, level of debt, and our positions relative to pension and OPEB financing; it is anticipated to be scored quite high. As there have been new reporting requirements for municipal pension and retiree health care obligations, it is currently unknown how these items will impact credit rating agencies decisions. Nevertheless, our position on pension and OPEB obligations, both in real terms and in comparison with other municipal agencies, should not negatively impact our credit rating.

Revenue bonds are issued based upon a dedicated revenue stream that is established for the sole purpose of repaying a debt issue. The CSO millage and corresponding projects that the Village undertook is an example of a revenue bond. The voters approved a dedicated millage for the purpose of making improvements to the CSO system along with other improvements. The work was performed and the millage was collected over a period of years to pay back the debt. Revenue bonds can also be issued against other types of revenue. The Village has established a debt service fee which, were it to be altered, could be used as debt service for a bond issued for water and/or sewer capital upgrades. The Village could also borrow against future state road funds to finance current road projects. A credit rating would also need to be obtained to issue a revenue bond, although this rating would be based more upon the viability of the proposed revenue stream than the overall fiscal health of the municipality. Revenue bonds are single purpose bonds where General Obligation bonds can be used for a variety of purposes.

There are costs other than interest charges associated with bond financing and obtaining a credit rating, if necessary. A municipality would also need to retain legal bond counsel to issue bond

debt. These costs are generally not significant if the project to be financed is large (expensive) enough. For smaller projects, bond counsel costs can be a significant portion of the overall financing costs. These costs can be avoided through private financing. Municipal bonds can generally be obtained at lower rates than private financing with the overall cost of the project usually being the deciding factor between bonding and private financing. The Village's recent financing of fire equipment is an example of private financing with the (relatively) low cost of the debt issued making the cost and time of bond financing an unattractive option.

Water and Sewer

The most likely source of debt financing in the immediate future of the Village will be for water and sewer projects. As referenced in the Water Asset Management Plan the Village will be facing water main improvement costs of \$6 million to \$10 million in the next 20 years. If these costs cannot be met through the existing infrastructure fee the Village would need to obtain debt financing to fund these projects. Even if the current level of infrastructure charges and debt service charges would be sufficient to cover these expenses on a pay as you go basis there is an argument to be made for using debt financing to accomplish the projects today, saving money by doing them at lower current construction prices and through economies of scale. Council could use the existing billing methodology with fixed charges to pay back the debt or attempt to procure a voter approved millage as was done with the CSO millage. There are arguments for and against both.

Roads

The Village's road system will be a source of significant expenditures in the coming decades. Timing for road repairs is critical, the sooner a road can be repaired, the less likely it is to need replacement. The Road Asset Management Plan will provide the necessary detail and cost estimates for road costs in the coming years. Based upon the known amounts of just over 50 miles of major and local roads under Village jurisdiction and the rough costs of \$250,000 per mile for maintenance paving and \$1,000,000 per mile for complete rehabilitation projects, it is easier to develop future road costs that will exceed even those of future water and sewer costs. The State of Michigan does provide funds to all municipalities for road maintenance through Act 51. For the Village, these funds currently total around \$900,000 annually for both major and local streets. Roughly half of these funds are necessary just for maintenance (winter maintenance, minor repairs, cleaning, painting, etc.). Assuming the remaining half of Act 51 funds are available for capital repairs still leaves the Village short of the necessary funds to maintain its road network. Accordingly, the Village has been subsidizing the Act 51 funds with approximately \$300,000 annually from the General Fund. This has allowed the Village to be more aggressive with road projects in recent years than would have otherwise been the case. Nevertheless, the Village and most other municipalities are finding that it is necessary to find a permanent source of revenue to subsidize state road funds to adequately maintain the local road system.

The Village could pursue debt financing for road improvements in a couple of ways. We could borrow against future Act 51 payments to do more capital improvements to save money against future construction costs and through economies of scale. This would, however, limit the funds available for capital repairs, and potentially maintenance, in future years. Other jurisdictions have been pursuing a dedicated road millage to fund capital repairs. A road millage could be used to fund an aggressive road construction project that was completed in one or two construction seasons and paid back over time or be collected over time and used to supplement annual capital projects on more of a pay as you go basis. Again, there are advantages and drawbacks to each approach. Either way, the issuance of revenue bonds for road maintenance should be subject to further study

and discussion by Village Administration and Council going forward, hopefully with the guidance and direction of the Road Asset Management Plan.

Facilities

Debt financing could also be utilized to improve or upgrade existing Village facilities, although the need here is much less at the current time. The Village has recently undergone significant rehabilitation to the Village Hall and has acquired new fire apparatus for the Public Safety Department. Village Administration does project the need for some (relatively) minor capital costs to the Public Safety building in coming years, but nothing that would require debt financing. The current process for acquisition of police vehicles and equipment is adequate to meet current and future needs. There should be consideration of some improvements to the current Public Works yard to add additional storage areas and improve the function and appearance of the yard. This is also considered to be a relatively minor expense. There has been discussion and some consideration to another dedicated millage for the maintenance and upkeep of our park areas. It is the opinion of Village Administration that this is prudent management of our existing resources and an area that the public has previously shown to support.

Pension and OPEB Obligations

One final area of limited consideration for debt financing would be for pension and OPEB (retiree health care) costs. Some jurisdictions have used debt financing to obtain significant sums of money to invest in pension or OPEB funds to shore up current levels of underfunding. This is an allowable use of debt financing, if a controversial one. Because of recent changes to GASB regulations we have a better handle on our current level of obligations for these costs (with some room for argument). Accordingly, the Village has been meeting not only its current obligations but has also been reducing future obligations. The Village has been aided in this endeavor in recent years by positive returns on investment funds, something that cannot be expected to necessarily continue at the current rate. Nevertheless, the Village is making, in the estimation of Village Administration, more than adequate progress in funding future pension and OPEB obligations. Further the Village has made the necessary changes to pension and retiree health care programs to limit future growth in these obligations. Village Administration could pursue debt financing of the obligations if so directed by Council but considers doing so an unnecessary risk at this time.

In response to questions from Council, Wilson explained that if a lead service line was discovered during the renovations east of Southfield, it would be replaced, but would not be a significant cost to the Village. Although this is possible, it is unlikely there are many. The max amount of funding available from the Drinking Water Revolving Fund is \$5 million, and this would be the first funding pursued for the water main replacement project.

There is no federal money currently available for road repairs, and the Village would need to pay those expenses. A significant water main project can be expected in the next two to five years, and a dedicated millage is possible.

Sharon Tischler, Virmar Court, would like to see 13 Mile repairs prioritized, as it is currently in severe disrepair.

Wilson explained that 13 Mile will be maintained passable for 2018, however \$1 million in federal grant money is allocated to replacement in 2019.

REVIEW AND CONSIDER ROAD ASSET MANAGEMENT PLAN

A Road Asset Management Plan from HRC was submitted to Council for their review. This plan would provide a complete assessment of the roughly 60 miles of roads in the Village including maps and databases of all road conditions. HRC will develop a prioritized list of road maintenance options including areas where less expensive preventative maintenance could expand the useful life of the existing road surface. Budget and construction estimates will be established along with a multi-year program for road projects. A final report will be prepared and presented to Council. This project as submitted will satisfy the requirements of the Michigan Transportation Asset Management Council (TAMC). All cities, counties and villages are required to submit such a plan. The price of the project as submitted is not to exceed \$22,372. Village Administration has reviewed the scope of the project and believes it to be in the best interest of the Village at this time.

Motion by Delaney, second by Oen, be it resolved that the Council for the Village of Beverly Hills approve and authorize the Village Manager to retain HRC to draft a Road Asset Management Plan for the Village of Beverly Hills in an amount not to exceed \$22,372.

Roll call vote:
Motion passed (6-0)

PUBLIC COMMENTS

None.

MANAGER'S REPORT

Mini Pumper Update – Public Safety Administration went to Iowa to visit the Alexis factory that will be building the mini pumper for the Public Safety Department. Every page of the specifications was reviewed with some minor modifications based upon this review. The Village reviewed similar trucks in various stages of production. The Ford Chassis has been ordered and our mini pumper will be available this fall. The Department will make another trip once the vehicle is completed for a final inspection and will drive the vehicle back to the Village. A similar trip has been scheduled for the larger pumper truck at a factory in Ohio. That trip will happen in July. Thanks to Deputy Director Shock, Lt. Trussler and Sgt. Ginther for their efforts.

Public Safety Boiler – Per the direction provided by Council, the Public Safety Department has been working on developing bid specifications for the replacement of the boiler in the Public Safety Building. The Village has been able to use the expertise of a local resident, Carl Darge, to review the current infrastructure and make recommendations about the full needs. This advice and expertise has been valuable. The bid specification process is ongoing, but we hope to have it wrapped up soon.

Greening Scholarship – Applications for the Don and Patricia Greening Community Service Scholarship are now available. Applications can be obtained on the Village website or at the Village Hall. Eligibility requirements are to be a resident of the Village or a graduating senior of Groves High School, planning to enroll at a college, university, community college or technical school in the fall of 2018, be a graduating senior or incoming freshman with a GPA of 3.0 or ACT score of 22 or above and must have done community service work benefitting the Village or any charitable or religious organization located in the Village. Scholarships in the amount of \$1000

will be awarded to one male and one female applicant. Applications must be submitted to the Village of Beverly Hills Office by 4:00 p.m. on Friday, March 30, 2018.

Water Asset Management Plan – A copy of the Water Asset Management Plan that was submitted to the MDEQ for the Village of Beverly Hills was submitted to Council for review. The report includes an inventory of all Village water mains by size and material. Existing water mains have been broken down by age. Around 20% of the existing mains were installed prior to 1940, just over 50% between 1950 and 1970, 13% between 1980 and 1989 and almost 15% since 2000.

Compensation and Classification Study – Village staff has compiled information as requested by Municipal Consulting Services to begin the compensation and classification study as recently approved by Council. Mark Nottley will be at the Village offices on Thursday, March 15th to meet with Village Administration and to begin meeting with and interviewing Village staff. The report should be completed by late May or early June.

Standing Water – We have received complaints about standing water in yards and sometimes in roadways. The Village, and other surrounding communities have these issues this time of year. The causes are multiple and include flat grades, poor percolation of water, high water tables in some areas, frozen ground and lack of adequate catch basins or storm/combined sewers. It should be noted that the Village has had fewer issues with sewer backups into basements than our surrounding communities. A significant portion of the calls and complaints received involve problems or failures in the homeowner's storm drainage system. In other instances we have areas where the original design of all the homes in a given neighborhood were to drain to a common area, generally in the rear yards. This system works well at times, but often results in standing water during wet winter conditions. A solution of increasing the size of existing combined sewer or storm sewer infrastructure is difficult from a standpoint of cost, logistics and the ultimate carrying capacity of the regional sewer system. Homeowners can pursue individual solutions for their properties with some more effective than others due to grade and soil composition. Village Administration has responded to local interest in some neighborhoods for drainage solutions. We have proposed addressing these through Special Assessment Districts, usually without success. As new homes are built, Village Administration works with the contractor at that site to address the drainage issues for that house, but this generally does not address larger neighborhood drainage issues. Village Administration can spend as much time addressing surface water drainage issues as Council wishes. There are some potential policy changes that could eventually have some positive impact but there will be costs; costs to the Village, to developers and to existing homeowners. There is not an easy solution and we are not going to solve the fundamental issues of poor grades and poor soils.

Public Safety Building Access – Village Administration is working on a report to Council as directed regarding public access to the Public Safety Building. This report will be given at the Council meeting of March 20th.

FY 2018-19 Budget – Village Administration has begun work on the FY 2018-19 Budget. As directed by the Charter, Administration will have a draft budget to present to Council for their review at the regular meeting of April 3rd. By custom, Council has had a budget workshop session later that month. Per the Charter, the budget should be adopted by the second meeting in May or this year, May 15th. Past practice has been to adopt the budget at the first meeting in May to allow for any potential absences as adoption requires five (5) affirmative votes. This year, the first

meeting is scheduled for May 1st. This may present some problems with regard to receiving the final numbers for the maximum allowable millage rates for the Village assuming there will be Headlee reductions. These numbers will impact the required resolutions the Village must adopt with the budget to establish millage rates for the General Fund, Public Safety Fund and Library services. Southfield Township is communicating with Oakland County Equalization to try and determine when these figures will be available. Generally, it is in late April or early May. If not received by April 25th the Village would need to adopt the budget sometime after the May 1st meeting.

Water and Sewer Rates – SOCWA has indicated to all member communities to expect an increase of 2.5% for the upcoming year. Based upon that, Village Administration is anticipating recommending an increase in water and sewer rates of 5.0% for the upcoming fiscal year. Rates for the infrastructure charge and debt service charge will remain unchanged.

COUNCIL COMMENTS

Mueller reported that the Tremont Lane development is nearing completion; there are only two properties remaining. He would like to ensure that the original homeowner by-laws are transferred accordingly to the new homeowners. He also would like Administration to ensure that the builder replaces the dead trees on the property.

Delaney thanked Village Attorney, Tom Ryan, and Village Clerk Marshall for their follow through on the ballot proposals.

Peddie announced that due to recent storms, tree branches have come down throughout the Village and Public Works is picking them up and chipping them.

Mooney and all of Council expressed their deepest condolences to Council Member Rock Abboud on the loss of his mother.

Motion by Oen, second by Mueller, to adjourn the meeting at 8:30 p.m.

Motion passed.

John G. Mooney
Council President

Ellen E. Marshall
Village Clerk

Elizabeth M. Lyons
Recording Secretary