

Present: President Peddie; President Pro-Tem Abboud; Members: George, Hrydziuszko, Mooney, Mueller, and Nunez

Absent: None

Also Present: Village Clerk / Assistant Manager, Rutkowski
Public Safety Director, Torongeau
Village Attorney, Ryan

Peddie called the regular Council meeting to order at 7:30 p.m. at the Village of Beverly Hills municipal building located at 18500 W. Thirteen Mile Road and virtually via Zoom per Executive Order 2020-154. The Pledge of Allegiance was recited by those in attendance.

AMENDMENTS TO AGENDA/APPROVE AGENDA

Motion by Mooney, second by Mueller, be it resolved, the agenda is approved as published.

Roll Call Vote:
Motion passed (7-0)

COMMUNITY ANNOUNCEMENTS

None.

PUBLIC COMMENTS

None.

CONSENT AGENDA

Motion by Mooney, second by Nunez, be it resolved, the consent agenda is approved as published.

1. Review and consider approval of minutes of a regular Council meeting held September 1, 2020.
2. Review and file bills recapped as of Monday, September 14, 2020.
3. Review and consider annual funding request from Birmingham Youth Assistance.
4. Proclamation commemorating Constitution Week, September 17-23, 2020.

Roll Call Vote:
Motion passed (7-0)

BUSINESS AGENDA

RECEIVE AND FILE GASB 74/75 INTERIM ACTUARIAL VALUATION FYE JUNE 30, 2020.

Peddie stated that since Mr. Wilson was not able to attend the meeting and since this is not time sensitive information, she recommends tabling the item until the next meeting.

Motion by Mooney, second by Nunez, to table Business Agenda Item #1.

Motion passed (7-0)

UPDATE AND PRESENTATION ON AUGUST 28 RAIN EVENT

Dan Mitchell and Brad Shepler from the engineering firm Hubbell, Roth, & Clark, Inc. presented the findings from their evaluation of the August 28, 2020 rain event thus far.

Shepler stated that in the early morning hours of August 28, 2020, there was a large rain event that came through southeast Michigan. As of September 15, there have been 243 reports of flooding or basement backups from 231 properties and 12 intersections or addresses not found. Shepler displayed a map of the reported basement backups throughout the village. He explained the difference between a separated sewer system and a combined sewer system. He displayed a diagram of a separated system, which showed that storm water flows to a catch basin or storm sewer while the sewage from internal plumbing goes to a sanitary sewer. He stated that in the Village, a sump pump would most likely be required with a separated system because the storm sewers are not that deep, so one cannot rely solely on gravity. A combined system has one pipe in the right of way where the storm and sanitary drainage flows. He showed an animation of different size storms demonstrating that during a large rain event, it is likely that water will back up into basements, which is by design. He stated sewers are only designed to handle certain size events. He showed a table of the rainfall totals from August 28, 2020. The village received 2.88 inches of rain in one hour and 4.53 inches of rain in 24 hours. He explained rainfall predictions are expressed in either return interval or percent chance of occurrence. For example, a return interval expressed as a 25-year storm has 1/25 chance of occurring in any given year, or a 4% chance of occurring in any given year. Engineers typically design storm sewers to the 10-year or 1 hour storm event. The rain event that occurred in the village on August 28th was greater than a 100-year storm, meaning it had less than 1% chance of occurring in any given year, and overwhelmed the system. He described this rainfall as a short and intense event that overwhelmed the system. Shepler stated that there is nothing wrong with the Village's system and that it conveyed what it is supposed to convey. Shepler discussed a grant program that the Village participated in in 2015-2017 to clean and televise every sewer in the village. The results of that program showed there were no blockages, no collapsed pipes, and that everything was flowing.

Mitchell gave a summary of the improvements the Village has made to its system to address rain events and basement backups over the last 25 years, including the construction of the Acacia basin and several relief sewers built in the combined sewer district. Mitchell stated that the sewer lines have been televised and show that it is a good, highly operating, efficient system, as it was designed to do. He described how constructing new infrastructure would be significantly costly. He went over the pros and cons of a few potential improvements, such as changing the combined sewer district into a separated system, building additional relief sewers, or private residents could have check valves professionally installed.

Mitchell answered questions from the Council.

REPORT ON FISCAL IMPACT OF MILLAGE NON-RENEWAL

Village Administration was asked to examine the potential long and short terms fiscal impacts of a failure of the Village's November millage renewal request. At the regular meeting of September 1st, Village Administration presented a 5-year budget forecast with scenarios for both a renewal and non-renewal of the millage issue in November. This analysis focuses on the non-renewal scenario and the fiscal impacts of that scenario. A copy of the non-renewal analysis was provided to Council and is included below.

Public Safety – As the largest and most expensive operation of the Village the impact of a non-renewal of the dedicated Public Safety millage would be significant. As mentioned previously, were the dedicated millage for public safety not to be renewed at the levels approved by voters in 2010, Public Safety, along with General Fund services and the Baldwin Library, would all be funded by one levy of 11.00 mills. The attached analysis assumes that 9 of those 11 mills would be allocated to Public Safety beginning in FY 21-22. This would be subject to approval by the Council and could be modified. However, any type of split or allocation of this figure of 11.0 mills would require some amount of trade-offs and prioritization. Nevertheless, assuming an amount of 9.0 mills as a levy for Public Safety services beginning in FY 2021-22 the annual project budget surplus (revenues in excess of expenditures) is around 2% in the FY 21-22 and falls to less than 1% in FY 23-24. By FY 25-26 expenditures will exceed revenues required either use of reserve funds or reductions in expenditures. Recent capital investment in Public Safety equipment and vehicles have fixed those expenses in future years. While this is good, it would also mean that the Village would not be able to defer capital expenses in future years to avoid reductions in operational costs. As approximately 85% of costs in the Public Safety Department are personnel related, any reductions in cost would come at the expense of staffing levels and manpower.

General Fund – The trade-offs between capital investment and continued service provision would be an issue within the first year under the non-renewal scenario. Most notably this trade-off would be felt in road funding. In the five year period between FY 15-16 and FY 19-20 the Village transferred \$3 Million from the General Fund to Major and Local Roads as well as the Capital Projects fund. The transfer of an average of \$600,000 annually to roads and capital projects were instrumental in road projects such as Lahser Rd, Greenfield Rd, Evergreen Rd, 13 Mile Rd, and various projects in local subdivisions. Additionally, these funds afforded the Village the ability to make necessary renovations to the Village Hall and repairs to the Evergreen Rd. bridge and Eryty Dam without incurring debt. Under the non-renewal scenario, transfers out to Major and Local Roads and Capital Projects is capped at \$200,000 annually. This is a reduction by 2/3 over what has been transferred over the last five years. Capital investment would not be possible in future years without the issuing of debt to cover the expenses. It should be noted that the Village has made significant strides in the elimination of capital debt over the last decade. On July 1, 2009, the Village had outstanding debt principal of over \$6.8 Million. Today, the Village has outstanding capital debt principal of less that \$1.2 Million. By July 1, 2025, this amount will be less than \$20,000. The Village's ability to aggressively pursue capital investment with paying down existing debt will eliminated under this non-renewal scenario.

Capital investment at the rate the Village has engaged in over the last decade would only be possible through the use of debt financing or reductions in other service levels. Under this scenario, the most likely reduction in services through the General Fund would be library services. If the dedicated Library millage is not renewed per the November ballot issue, then funding for the existing Baldwin Library contract would have to come from the General Fund. Even with significantly reduced capital expenditures, the ability of the Village to maintain funding for Library services on an annual basis would become compromised withing 3-4 years, if not sooner. The Village's annual library expenses are around \$520,000 annually.

Retirement and OPEB Funding – Over the last decade the Village has made significant strides in funding of retirement and retiree health care (OPEB) future liabilities as well as structural reforms to these programs that limits the growth of future liabilities. In the last decade the Village's unfunded OPEB liability has decreased from just over \$14 Million to around \$3.8 Million. Both the Village's pension and retiree health care plans have been closed to new hires, limiting future

liability. The Village's pension and OPEB liabilities are currently funded at 80% and 65% respectively. The Village's current pension costs are projected to rise slowly over the next few years before falling precipitously by FY 2028-29, at which point the Village will have fundamentally met all pension obligations in perpetuity. With a renewal of the 2010 dedicated millage rates for the Public Safety Funds and General Fund the issue of future pension and retiree health care obligations is one that is permanently resolved in the Village. Non-renewal of the 2010 dedicated millage rates will result in either longer funding horizons, at greater taxpayer expense, or reductions in service levels to maintain prior levels of funding. The fiscal flexibility afforded by renewal of the 2010 dedicated millage rates would allow future Councils the ability to more aggressively retire these obligations resulting in future savings, meet unforeseen higher costs without reductions in service levels or assess annual property tax levies lower than the maximum allowed by Charter on an annual basis.

Mooney stated that he has experienced the Village turning down a millage proposal on a few occasions and it has not been good. He summarized the millage proposal in 2008 during an economic downturn, which voters ultimately did not pass. He then summarized the millage proposal in 2010, which did pass and is expiring at the end of the year. He highlighted the benefits of the Village's ten-year millage, such as maintaining the affiliation with Baldwin Public Library, reducing debt by 80%, funding pensions for the Public Safety Department, and increasing funding for OPEB/retiree healthcare. He explained that the millage renewal proposal is asking for the same amount of money that was proposed in 2010. Most of the money goes toward funding the Public Safety Department and maintaining the current staffing levels. Renewing the millage rate will mean that the Village will be able to maintain its relationship with Baldwin Public Library. He stated that with continued fiscal responsibility, the Village will be out of debt at the end of the renewal period.

Mooney discussed what would happen if the millage renewal does not pass. He said there would be an immediate 10% funding reduction for the Public Safety Department, which would result in long term reductions in staffing. He said after about two years, the Village would be unable to maintain its current relationship with Baldwin Public Library. Without the millage renewal, the Village will not be able to maintain the roads and sewers at the level it has over the last ten years. He also pointed out that this all comes at a time when there will be less money coming from the state government because of COVID-19. He also anticipates a reduction in federal funding in the upcoming years.

He expressed his confidence that the City Council and Administration will not spend the money foolishly if the renewal is passed. He believes maintaining the village as it has been over the last decade is critical. Mooney does not want to lose any public safety officers, lose a relationship with Baldwin Public Library, or see the streets or parks fall into disrepair.

George agreed with Mooney's sentiment and stated that the level of response from the Public Safety Department is one significant reason why people move to Beverly Hills. He does not want to see the Public Safety response suffer and he does not want to see a time when the Village cannot do road projects or maintain the parks. He encouraged residents to reach out if they have questions about the millage renewal proposal.

PUBLIC COMMENTS

Tom Maxwell, 15921 Lauderdale, spoke about the August 28, 2020 rain event and previous rain events. He stated that he had a check valve installed in 1998, but the most recent rain event exceeded its function. He suggested the Village send out survey cards to all residents as it had done in the past.

Ken Flaherty, 17166 Beechwood, questioned whether the outcomes of the August 28, 2020 rain event could have been prevented and challenged the sentiment to maintain the status quo. He spoke about how quickly the event occurred and the water that came into in his basement.

Tracy Kecskemeti, 17233 Kirkshire, said she appreciated the Council's comments about the millage renewal and inquired about a public education campaign. She stated renewing the millage is critical to maintaining public services. She recognized that the Village would not be able to build the infrastructure to contain every rain event that it will experience and asked what steps the Village will take regarding storm water retention.

MANAGER'S REPORT

None.

COUNCIL COMMENTS

George thinks an education campaign for the millage would be beneficial in addition to the exposure in the council packets and online. George appreciates everyone's comments regarding the flooding and asked if the suggested solutions would be appropriate expenditures for the Village. He suggested more education about what residents can do about backups. He also gave an update on the September Zoning Board of Appeals meeting and sees the benefit of having a conversation with members of the Council, ZBA, Planning Commission, and Administration regarding the sign ordinance.

Hrydziuszko stated that she supports the millage and hopes that residents of the village can get behind it. She appreciated the residents who participated in this meeting. She reminded everyone to drive the speed limit and asked people to be respectful while driving.

Mueller thanked the Public Safety Department for having an officer patrol Beverly and Evergreen Roads. He said there is a Parks and Recreation Board meeting on Thursday, September 17th at the Beverly Park Pavilion.

Nunez said his heart goes out to everyone who was affected by the flood and who lost valuable or sentimental items. He encouraged individual responsibly and stated that he has a back-flow preventer at his residence and has never had a flooding. He said that he only has a few meetings left as a Council member and it has been a pleasure working with everybody. He wished Council good luck going forward.

Mooney commented on the speeding on Evergreen Road. He agreed with Mr. Maxwell's suggestion of sending out a survey card to the areas impacted by the rain event. Regarding a publicized educational campaign about the millage, he stated that there are legal restrictions on what the Village as a governmental entity can do. He pointed to the Villager Newsletters as a resource for information about the millage renewal. He expressed his concern that the General Election results will not be certified as quickly as previous elections have been and would like a plan in place so a vacuum of leadership does not occur.

Abboud thinks a public education campaign for the millage renewal is a good idea and should be championed by people who care and live in the village. He is contemplating getting sewer backup insurance coverage to have some peace of mind in the future.

ADJOURNMENT

Motion by Peddie, second by Mooney to adjourn the meeting at 8:51 p.m.

Motion passed.

Lee Peddie
Council President

Kristin Rutkowski
Village Clerk