

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

Absent: Delaney

Also Present: Manager, Wilson  
Assistant Manager/Clerk, Marshall

Council President Mooney called the regular Council meeting to order at 7:00 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

### **AMENDMENTS TO AGENDA/APPROVE AGENDA**

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

Motion passed.

### **STUDY SESSION TO REVIEW FY 2015/2016 BUDGET**

Council is in receipt of the proposed two year budget for FY 2015-16 and FY 2016-17. 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. Manager Wilson presented an overview of the General Fund budget. He used the Smart Board to display budget highlights and to exhibit charts and graphs to assist with his narration.

#### A millage rate reduction is proposed for both years

The 2015/16 budget shows a maximum allowable millage in the three funds (General, Public Safety, and Library) of 12.9095 mills. The proposed millage rate is 1.8100 for General Fund, 9.75 for Public Safety, and 0.9095 for the Library for a total millage rate of 12.4695 for this year. The majority of the reduction is due to 0.65 mills for CSO Debt that has been finalized. A slight reduction in the millage rate is proposed for FY 2016-17 due primarily due to a further reduction in the Public Safety millage to 9.6 mills. Wilson stated that the goal is to bring the millage close to 11 mills when the millage charter amendment sunsets in 2021.

#### Taxable value projected to increase in both fiscal years

Wilson referred to a chart displaying SEV and taxable value comparisons since 1994 when Proposal A passed. As property values increase, taxable value will grow more slowly.

#### Increased contribution to Road Funds for both years (\$600,000)

Wilson addressed the Local and Major Road fund budget for the next two years. He noted that the potential for Proposal 1 on the May 5 ballot to alter these projections is significant. However, Wilson is not factoring in how passage of the ballot proposal would impact the Village budget in terms of road funds and revenue sharing. Wilson addressed what the \$600,000 contribution to the Road Fund would cover in terms of road work.

Funds allocated for Capital Improvements (Village Hall) - Maintenance of the General Fund Balance above 20%

Significant funds are allocated in the 2015-16 budget for capital improvements, the majority of which are related to proposed improvements to the Village municipal building (\$200,000). Money will also be allocated for renovations and improvements at Beverly Park. Administration recommends allocating this money towards investments that have been delayed for a long time.

An amount of \$344,000 from the fund balance will be allocated towards capital improvements this year and \$88,000 next year. That leaves the Village with a General Fund balance estimate of 45% of expenditures at fiscal year end of 2017.

Significant investment in Road Network

Wilson referred to charts to discuss the proposed Major and Local Road Fund budgets. He explained that fund balance money would be allocated towards projects over the next couple of years. The Major Road fund would retain an approximate 39.3% fund balance and a little less for the Local Road fund balance (11% for 2015-16 and 18% for 2016-17). The Village is preparing to be aggressive in terms of paving projects in the next two years. This is based on the assumption that Proposal 1 does not pass. Wilson talked about a partial transfer of state revenue from the Major Road Fund to the Local Road Fund, which is allowed by state law.

Establishment of Fund Balance for Public Safety

Wilson referred to the passage of the Charter Amendment in 2010 and the separation of the General Fund from the Public Safety Fund. A determination was made at the time to retain the fund balance in the General Fund and establish a fund balance in the Public Safety fund of 20% over a period of years. This has been accomplished well ahead of schedule with a lot of effort through arbitration, working with the unions, and transition of senior employees. It is proposed that the Public Safety fund balance will be at 17.15% increasing to 20.37% by the end of FY 2015-16.

Full funding of all pension and OPEB obligations

The Village is proposing to fully fund pension and OPEB obligations as proposed in this budget. The Annual Required Contribution (ARC) of \$1,331,550 will be made to the Retiree Health Care Fund for FY 2015-16 and \$1,338,217 for 2016-17. With these contributions to the Retiree Health Care Fund, the Village is anticipating having \$5.34 million set aside for future health care costs, excluding any potential investment gains from these funds. By continuing to aggressively set aside funds for Retiree Health Care, the Village continues to progress toward the day when the costs for these services can be covered by the Retiree Health Care Fund on an annual basis.

Modest Wage Increases (Union 2%, Non-Union 2.5% FY 2015-16; Union 2% Non-Union 2% 2016-17)

Wilson elaborated on increases for two non-union clerk positions due to reduced staffing and increased duties.

Continued increases in staffing levels for Public Safety

Village Administration is recommending the hiring of an additional Public Safety Officer to replace recent retirements in the department and the promotion of one current PSO to the position of Sergeant. This will provide the Department with a Director, a Captain, 2 Lieutenants, 4 Sergeants and 19 Public Safety Officers, including one School Liaison Officer. As attrition continues, it is the goal of Administration to continue to maintain existing command structure and increase PSO strength to allow for 20 PSOs, or five per shift not counting command officers or the school liaison officer. This would provide adequate staffing for the four current 12-hour shifts for fire protection, shift coverage and proactive crime prevention.

Creation of position of Planning and Zoning Administrator

The assumption is that this position would be staffed within the 2015-16 budget year.

Revision of Water and Sewer charges to include fixed costs for debt service and infrastructure

Due to rate increases from SOCWA and DWSD for water, Administration is recommending an increase in base water rates of 15% and an increase in sewer rates of 5%. In conjunction with a subcommittee of Council created to review water and sewer rates, Wilson is recommending the adoption of a fixed charge for meters and infrastructure. These changes will help the Village adapt to declining, and at times, unpredictable water use and bring in sufficient revenue to maintain existing water and sewer infrastructure.

There followed a lengthy discussion of water and sewer rates and the need to rethink how to institute fixed costs into the Village's current billing methodology. Mooney affirmed the need to be talking about the water and sewer rates at upcoming Council meetings. It was noted that Mueller has compiled a thorough FAQ sheet on this topic. It is a simple and concise explanation on how water and sewer rates work.

Wilson stated that the \$120,000 leaf collection item was taken out of the budget; the \$30 charge per year to residents has been omitted. The Village was charging \$140 per residence for refuse last year - \$30 for leaf collection and \$110 for trash collection and disposal. Wilson recommends a \$120/house charge this year for trash with no leaf program. Further questions from Council regarding trash collection were addressed by Wilson.

Wilson answered inquiries about the Public Safety fund balance, union/nonunion employees, and funding for Evergreen Road repairs.

**PUBLIC COMMENTS**

Resident Marianne McLennan on Sunnyslope asked how long Evergreen Road would be disrupted due to a sewer project underway by Oakland County Water Resources Commission. Wilson responded that the Village will post an update on govdelivery as soon as there is a better estimate on the conclusion of that project from the County.

Former President Koss was in the audience. Mooney informed her that Council has met all of her budget goals in five years due in no small part to her efforts in getting the 2010 millage increase passed. By next fiscal year there will be 20% in the Public Safety Fund Balance. The General

Fund is well funded and there is adequate funding in the road funds and water and sewer funds. Mooney thanked Koss for her hard work and efforts on behalf of Beverly Hills.

**COUNCIL COMMENTS**

Abboud thanked the Village staff for their work on the budget. Abboud referred to the upcoming Memorial Day Parade. He observed that there are eight sidewalk squares at the park entrance that are in a state of disrepair and may pose a safety threat. Administration will address this.

Motion by Oen, second by Peddie, to adjourn the meeting at 8:16 p.m.

Motion passed.

**John Mooney**  
**Council President**

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

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