

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

Absent: None

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

Council President Mooney called the regular Council meeting to order at 7:30 p.m. in the Birmingham Groves High School Little Theater, 20500 West Thirteen Mile Road. Those present recited the Pledge of Allegiance.

AMENDMENTS TO AGENDA/APPROVE AGENDA

Motion by Mueller, second by Oen, to amend the agenda by tabling item No. 4 “Review and consider proposal to purchase and plant trees at Beverly Park” from the consent agenda until the Council's first meeting in November 2015.

Motion passed.

Motion by Mueller, second by Peddie, to approve the agenda as amended.

Motion passed.

COMMUNITY ANNOUNCEMENTS

President Mooney reminded everyone that the 20th annual Halloween Hoot will be held Sunday, October 25, 2015 for the enjoyment of Village children and adults alike at Beverly Park. He asked for volunteers to help unload and prepare pumpkins.

Sharon Tischler, Virmar Court, announced that for Beverly Hills residents living in Precinct No. 3, which has boundaries of Beverly Road on the south, Fourteen Mile Road on the north, Pierce on the east and Southfield Road on the west, the polling location has moved from Ascension Church to Our Lady Queen of Martyrs Church. She added that voters in the precinct will receive a new voter's identification card in the mail. Tischler explained that voting will take place in Our Lady Queen of Martyrs gymnasium.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

None.

CONSENT AGENDA

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

1. Review and consider approval of minutes of a regular Council meeting held October 6, 2015.
2. Review and file bills recapped as of Monday, October 19, 2015.
3. Review and consider renewal of professional computer consulting services with Enterprise Computer Solutions.

Motion passed.

BUSINESS AGENDA

DISCUSSION OF THE NEW WATER RATE STRUCTURE

Mooney opened the discussion by summarizing the reasons for the new water rate structure. He listed the City of Detroit's bankruptcy, a change in the Village's demographics and a dramatic decrease in water usage as reasons for changing how bills will be assessed in the Village. Mooney indicated that changes in how water rates are calculated have been discussed at numerous meetings since 2014. He added that these changes have also been communicated in the Village newsletter and in local media outlets. Mooney explained that it is Council's and Administration's responsibility to ensure the water and sewerage system is safe and operational at all times for residents.

Manager Wilson gave a presentation on the Village's water and sewer rates for Fiscal Year 2015-16. He explained that water is provided by DWSD which is in the process of transitioning to the Great Lakes Water Authority (GLWA). The Village is a charter member of the Southeastern Oakland Water Authority (SOCWA) and buys water from SOCWA then bills residents for water use. Wilson further stated that SOCWA is DWSD's largest current retail customer and will be the second largest retail customer after the Great Lakes Water Authority (GLWA) assumes control of the system.

Because of storage capacity, Wilson said SOCWA is able to purchase water in off-peak hours from DWSD and save a significant amount of money. Village residents have benefited from these savings for many years. Wilson explained that water metering is done accurately at the user level and that the Village's overall water usage varies with the weather. Wilson explained that the DWSD and SOCWA have introduced fixed costs into their billing system.

Wilson explained that the Village is a member of two Sewerage Districts, the Evergreen Farmington District and the George W. Kuhn District. Both districts are operated by the Oakland County Water Resources Commissioner (WRC). DWSD bills the WRC for sewerage treatment and the WRC then bills the Village for those costs. Prior to 2009, costs for sewerage were tied to water usage. After 2009, costs were based upon metered sewage usage. Now, DWSD and GLWA use a simplified billing methodology. Like water usage, sewerage usage is affected by the weather. Wilson explained that when the weather is hot and dry, sewerage usage tends to go down. When it is cold and wet, sewerage usage goes up. He added that residents are still billed for sewerage based upon their water usage.

Until now, the Village has generated revenue for water and sewer, debt service and infrastructure, based on projected water usage. Wilson indicated when water usage projections are not met, costs cannot be entirely paid without depleting the water and sewerage fund balance. He explained that water consumption has dropped by approximately 39 percent since 2005-06. Wilson said the water and sewer fund balance has dropped from \$2.67 million in 2010 to approximately \$241,000 in 2015 due to decreases in usage and revenue, while costs have increased. He indicated that an operating cushion of 20% or approximately \$800,000 should be maintained for the water and sewer fund to be considered healthy. Wilson indicated that the problem needs to be addressed or it will affect the ability of the Village to pay for capital improvements to the water and sewer system in the future.

For FY 2015-16, the Village projects total expenses to be \$4.93 million. Wilson broke the projected expenses down into various costs. He indicated that without changing the way water and sewerage is billed, the Village would have had to raise rates by 30 - 40 percent to stop depleting the water and sewer fund cash reserves. He added that raising the rates by that much was not acceptable. Wilson indicated a new billing method has been developed and it will contain charges for water and sewer based on water usage, and fixed charges for infrastructure and debt service. The fixed costs per quarterly bill will be \$20 for debt service and \$65 for infrastructure. Wilson explained that minimum use charges were eliminated with the new billing system. He also went over what typical quarterly bills will be based on water usage and the fixed costs.

Moving forward, Wilson indicated that the Village will continue to monitor water usage, ensure the billing methodology is sustainable and limit future rate increases. He added that future capital projects will be prioritized and that the Village will consider using debt financing for large capital projects.

After many months of work by administration and by a Council sub-committee, Mooney indicated fixed charges for infrastructure and debt service were determined as appropriate because every bill payer uses the mechanics of the system. He also explained that charges for water usage will be less under the new billing system. Mooney said the Village will help residents who experience difficulty paying under the new billing system and will fully utilize available help at the state, county and local levels.

Maura Gatowski, Devonshire, asked if the debt service fixed fee would be the same over the next several years. She also asked if the fixed infrastructure cost would remain the same. Wilson responded that the debt service fixed fee would remain at \$20 for the next several years and then begin to drop if no other debt financing is used by the Village. Mooney explained that funds raised by the fixed fees will be used to operate the Village's water system, not replenish the water and sewer fund balance.

Mary Ann DeVogel, Dunblaine, asked how long it would take to rebuild the water and sewer fund balance. She also asked if there was a capital improvement plan in place for the Village. Mooney indicated that it could take decades to rebuild the fund balance. He added that the new billing system is designed only to keep the water system functional. Wilson commented that the Village is utilizing grant money to help inventory the sewer system and identify existing problems. He added that plans are being made to repair those problems. Wilson said water system problems, such as water main breaks, are repaired as they arise.

DeVogel went on to ask if other communities are implementing similar billing systems and if the new billing system is already in place. Wilson explained that communities like Livonia are currently billing in a similar way and that the new billing system went into effect on October 1, 2015 in Beverly Hills.

Norman Rubin, River's Edge Court, does not believe the fixed infrastructure charge will cover the Village's costs. He also asked what the cost would have been to construct separate storm water and sanitary sewers. Mooney indicated that the fixed infrastructure charge plus state funds and federal grants would cover the cost. He also explained that the cost for separate storm water and sanitary sewers was estimated at \$15 million in 1996.

Bernard Schreier, Ronsdale, asked what percentage of homeowners fall into the minimum use category as outlined in the new billing system. Wilson explained that about 15 percent of homeowners fall under the minimum use category.

Steve Mace, Lauderdale Street, asked if the Council and administration raised concerns with DWSD about its rate increases and if the Village reached out to neighboring communities to fight the increases. Mace also expressed concern about low-income residents and their ability to pay higher bills. Mooney indicated that administration did contact neighboring communities and asked if they would join the Village in a lawsuit against SOCWA about how new sewer rates would be assessed.

Dick Maxwell, Walmer Lane, indicated that he follows Council meetings closely and noted that the lawsuit against the Oakland County Drain Commissioner was discussed at many meetings.

Charles White, Pickwick, noted that under the new billing system, minimum users will see bill increases of about 100% while those using the most water will see increases of about 18%. He asked if infrastructure repairs will be a large cost over the next few years. Wilson explained that sewer repairs will be a significant cost in the coming years, however, currently, there are no major water system projects planned.

David Tillman, Vernon, raised concerns over proportionality of rate increases and fairness. He said lower end users will be charged disproportionately higher rates compared to higher end users. Mooney indicated that the new billing system is fair because it does charge lower water rates while each resident pays the same fixed costs.

Sharon Tischler, Virmar Court, asked if a rounding up system for water usage will still be used under the new billing system. She also asked if bills will be sent on a monthly or bi-monthly basis instead of quarterly and would fixed fees be reduced proportionately. Wilson answered that water usage would continue to be rounded up and that fixed fees would be proportional if bills were sent monthly or bi-monthly.

Mike Perry, Bellvine, questioned why his bill is higher than his neighbor's when he is a sewage-only customer and his neighbor uses both water and sewer services. Wilson explained that a flat rate is used for sewage-only customers and that it is based on an average water customer's consumption.

Brian Branch, Hampton, stated that his bill will go up by 65% under the new billing system. He asked if the removal of a minimum water usage charge would offset the fixed fees under the new billing system. Branch also asked if the Village, as a whole, was using less water, would infrastructure costs be lower. Mooney explained that the Village's water system infrastructure is between 50 - 100 years old and that environmental factors impact infrastructure costs more than usage.

Regarding recent rate increases from DWSD, Wilson noted that in 1992 the rate for water was \$7 and for sewage \$9. Those rates now are \$18 and \$51, respectively. Wilson also reminded everyone that sewage treatment has improved dramatically over the years but that the associated costs have gone up to meet tighter federal standards.

Teri Caroselli, Kirkshire, asked if infrastructure improvements will be done on the east side of the Village. Mooney indicated that administration is making an infrastructure improvement plan for the entire Village.

PUBLIC COMMENTS

None.

MANAGER'S REPORT

None.

COUNCIL COMMENTS

Delaney explained that Oakland County and Macomb County Executives Brooks Patterson and Mark Hackel fought DWSD rate increases during the City of Detroit's bankruptcy proceedings. He believes they made the best deal that could be made. Delany reminded everyone that their water bills have been subsidized by the Village over the last several years.

Peddie indicated that Council and Village Administration has gotten the message out about water rate increases. She suggested using additional communication vehicles for important topics in the Village.

Oen advised that the Council sub-committee on water rates worked for approximately eight months to deliver the best rate plan possible.

Abboud noted that the Village is currently in a 42-day review period for the Master Plan update. He said the Senior Advisory Council is involved in a 'green initiative to change nursing facilities to be more like home settings. He said the Michigan Municipal League will hold a General Assembly at which Governor Snyder will be speaking.

Mooney indicated a special Village Council meeting will be held on October 27, 2016 at 7:30 p.m. regarding the Riverside Pond. He reminded everyone to attend the Halloween Hoot.

Motion by Oen, second by Abboud, to adjourn the meeting at 9:55 p.m.

Motion passed.

John Mooney
Council President

Ellen Marshall
Village Clerk

Scott Daniel
Recording Secretary