

Present: Chairperson Belaustegui; Members: Merritt, Mooney, Piotrowicz and Roberts

Absent: Fassett and Nowland

Also Present: Building Official - Byrwa
Council Members - Burry, Pfeifer, Taylor, Walsh

Mooney called the meeting to order at 7:08 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE MARCH 28, 2006 FINANCE COMMITTEE MEETING MINUTES

Motion by Merritt, second by Roberts, that the minutes of a Finance Committee meeting held on March 28, 2006 be approved as submitted.

Motion passed (5 – 0).

Belaustegui entered the meeting and assumed the chair.

REVIEW AND DISCUSS COMMENTARY ON BUILDING AND PLANNING DEPARTMENTS

Jim Merritt distributed copies of his initial review and commentary on the Village Building and Planning Departments. Building Official Byrwa has been asked to attend the meeting to provide further information and to address any questions that may arise.

Merritt summarized the function and responsibilities of the building and planning department. Four basic services are provided:

- Review and approval of building plans, issuance of building permits, and enforcement of building codes
- Enforcement of Village Ordinances
- Support for the Planning Board and Zoning Board of Appeals
- Respond to ad hoc telephone calls and counter inquiries relative to the department services

The building department reviews request and issues permits to residents, contractors and businesses for new and renovated buildings. Permits issued include electrical, plumbing, mechanical, fences, culverts, approaches and sidewalks, and exterior signage. The department also reviews site plans and enforces codes via on-site inspections related to issuing permits.

Merritt thought it was important to note that all application documents are processed within 48 hours with approximately 75% being approved for issuance of a permit following a detailed inspection by the building official. The remaining either require additional information or need Planning Board or Zoning Board of Appeals review/approval.

The building and planning department report includes detailed information on ordinance enforcement, the ordinance enforcement officer position, Planning Board and ZBA assistance

provided by the department, and ad hoc assistance to residents, businesses and contractors. The report lists building and planning department goals, objectives and accomplishments (see attached report).

Merritt distributed revenue and expense data related to the Village's building and planning department taken from the five-year financial plan. The report shows revenue coming into the department, wages and operating expenses.

A report has been prepared to compare what neighboring communities are charging in terms of building and plan review fees. It was noted that communities have different methods of arriving at permit fees. The report compares Beverly Hills, Birmingham, Bloomfield Township, Royal Oak and Southfield. Based on a \$100,000 residential construction job, permit fees in Southfield would total \$825; Bloomfield Township, \$839; Royal Oak, \$1,600; Birmingham, \$1,020; and Beverly Hills at \$1,277.

Building official Byrwa commented that state law allows a community to collect permit fees that equal the cost of running its building department. He commented that Village permit revenues come close to the expense involved in issuing permits. Byrwa remarked that there are planning consultant and ordinance enforcement officer expenses that are not recouped by the department. The part-time code enforcement officer addresses ordinance issues that are not exclusively related to building permits.

The Committee looked at the accounting of revenue received from permit fees and whether it offsets related expenses. There was discussion of the fees charged and whether they cover expenses. It was questioned whether the department passes through consultant fees.

Byrwa stated that the Village charges a prescriptive fee to an applicant for a service such as a site plan review with the understanding that there will be additional charges if extra research is required. He believes that fees received for the planning consultant's review are recorded in the General Fund.

Belaustegui understands that there are certain prescribed fees that are notionally covering building department costs including consultant fees. From the process point of view, it would be tighter if the accounting of items were tied together to show what is coming in and what is transpiring. He understands that there is revenue from site plan review fees that is not shown in the building and planning department budget. Belaustegui proposed modifying the financial document to represent a clear and total accounting of the building and planning department through budget numbers and commentary that would refer to grey areas such as the planning department and ordinance enforcement expenses.

There was discussion on the prospect of raising permit fees. Byrwa stated that the fee schedule was increased two years ago and that Beverly Hills is in line with surrounding communities. He noted that fees are structured so that they increase as construction costs rise. Belaustegui related that a Plante Moran audit of the building department found that the Village has not charged as much as it could have for permit fees resulting in approximately a \$50,000 a year deficit.

Piotrowicz remarked that raising building permit fees could result in people not pulling permits or not making improvements. He questioned whether there was room to raise fees in Beverly Hills. Byrwa responded that the building department will make a recommendation to Council in the next fiscal year for a moderate increase in the fee schedule.

Merritt related that there has been discussion related to a neighborhood and housing review of the Village that may lead to changes to the zoning ordinance that would effect non-conforming classifications on the east side of the Village. The changes would be intended to maintain the quality of the housing stock in the community and to encourage people to remain in Beverly Hills and improve their homes. Taylor added that this could create a positive revenue stream in terms of building permits and taxable values.

Belaustegui stated that the Village incurs costs in terms of issuing building permits and conducting plan reviews, and the fees should cover the costs involved. Byrwa will work with Finance Director Wiszowaty on the figures so that the draft commentary can be modified to present an understanding of revenue and cost elements and budget processes.

The next stage will be to compare the Village to other communities in terms of their expenses and how they conduct business. There may be an opportunity to uncover some opportunities. Belaustegui asked if Byrwa had regular contact with representatives from nearby communities in terms of sharing information. Byrwa responded that he belongs to the Oakland County Building Officials Association and attends monthly meetings that focus on issues that benefit building departments from the building official's standpoint.

Belaustegui questioned whether this group would cooperate with assisting Beverly Hills in making comparisons to their building departments. Part of this process is to compare the Village with other communities to determine revenue and department costs and to obtain statistics on how much cities are spending on people and how many households they service. The Finance Committee is also interested in learning about the processes and best practices as they apply to efficiencies of building departments. Other departments may have interesting ways of doing things that may help the Village. Belaustegui will prepare a list of questions with explanations. Byrwa stated that he will pass this survey on to building officials of surrounding communities.

Belaustegui reviewed the stages of research involved with each operating entity included in the study matrix: 1) research and present the facts so that they are understood; 2) compare what the Village does and its costs and determine if it is reasonable; 3) consider how things are done and whether there is a better way of doing it.

There were further questions and comments from Pfeifer and Board members on the topic of what constitutes a legally recoverable expense. Belaustegui thanked Jim Merritt for his presentation and thanked Dave Byrwa for his assistance.

DISCUSS WHICH NEARBY COMMUNITIES TO USE FOR COMPARISON PURPOSES

As part of its work plan, the Finance Committee has proposed comparing the Village's present situation with similar communities in the area and analyzing what is learned from those findings.

Belaustegui prepared a list of comparison communities and divided them into adjacent communities, close neighbors, nearby neighbors, and others (not recommended). He asked that committee members think about the communities that would be used for comparison purposes and also consider limiting the extent of this undertaking.

It was suggested that population and size statistics for the communities would be helpful. Mooney named communities that he did not think were comparable to Beverly Hills. He suggested that communities to consider for comparison purposes may be Franklin, Clawson, Berkley, Huntington Woods, Lathrup Village, Pleasant Ridge and Farmington. There may be some merit at looking at the Grosse Pointes as well. Oak Park is worth looking at for public safety comparisons.

Belaustegui commented that his view would be to look at each community and consider the topics that are appropriate to compare with that community. He will speak with Manager Spallasso and Wiszowaty regarding their influence in terms of obtaining comparison data. This will be a topic for future discussion.

COMMITTEE COMMENTS

Members talked about the agenda for the next meeting. There was agreement to cancel the second meeting in May and receive a report on Parks and Recreation from John Mooney at the first meeting in May. There will be updates on areas previously discussed at that meeting.

Motion by Mooney, second by Roberts, to cancel the regularly scheduled Finance Committee meeting of April 25, 2006 and hold the next regularly scheduled meeting on Tuesday, May 9, 2006.

Motion passed (5 – 0).

PUBLIC COMMENTS

Taylor offered to provide assistance with gathering information from other communities. He mentioned that he will be organizing a meeting of the managers and mayors of Bingham Farms, Bloomfield Township, Birmingham, Franklin and Southfield Township. Taylor asked the Finance Committee for further detail in writing on the type of comparative information it will be seeking.

Taylor mentioned that there has been concern expressed by residents about the number of houses for sale in the Village. He has been in contact with realtors who are gathering information relative to home sales in Beverly Hills and will share those findings with the public.

Ron Berndt encouraged the Finance Committee to benchmark Beverly Hills with communities that can offer new insight on ways the Village can improve based on their success.

Motion by Mooney, second by Roberts, to adjourn the meeting at 8:40 p.m.

Motion passed.