

Present: Chairperson MacDonald; Vice-Chair Mooney; Members: Hitz, Jallad, Lanigan and Westerlund

Absent: None

Also Present: Council member, Koss

Chairperson MacDonald called the meeting to order at 7:05 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE/AMEND AGENDA

Motion by Mooney, second by Westerlund, to approve the agenda as published.
Motion passed.

PUBLIC COMMENTS

None

REVIEW AND CONSIDER APPROVAL OF MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON MAY 13, 2008

Motion by Mooney, second by Westerlund, that the minutes of Finance Committee meeting held on May 13, 2008 be approved as submitted.

Motion passed.

REVIEW AND DISCUSS INFORMATION REGARDING CONSOLIDATION OF SERVICES, INCREASED REVENUE AND CONTROLLING EXPENSES

At its last meeting, the Finance Committee discussed how to approach the financial crisis facing the Village. The Committee will be exploring proposals to avert increasing deficits and present Council with information and alternatives for its consideration. Members reviewed a memo dated June 3, 2008 from Finance Director Wiszowaty outlining information relative to consolidation of services, increasing revenue and controlling expenses.

Consolidation of Services

Public Safety Dispatch - Wiszowaty was asked to provide the Finance Committee with data on possible opportunities for consolidation of services and/or departments. Committee members discussed the potential of consolidating the Public Safety Dispatch Department with the department of a nearby municipality that might be interested. It was understood that the concept of a consolidated dispatch between the Beverly Hills Public Safety Department and the Birmingham Police Department was considered by Council several years ago but did not take place.

There was a lengthy discussion on the possibility of consolidating dispatch service with a neighboring community. Members raised questions to be answered before a decision is made including long-term cost savings; impact on union contracts; which communities would be interested; and the logic of consolidating dispatch services. It was agreed that the role of the Finance Committee was to recommend measures for Council to consider and possibly direct

administration to investigate further. The consensus was that combining dispatch departments has significant and potential logic and that Council should consider exploring that opportunity.

Motion by Lanigan, second by Mooney, that the Finance Committee requests that Village Administration place an item on the Council meeting business agenda recommending that they investigate the option of consolidating dispatch service with Birmingham, Southfield, Bingham Farms or Franklin and evaluate savings, risks, impact to the Village, and interest of other municipalities to combine services.

Roll Call Vote:
Motion passed (6 – 0).

Public Safety Department – The Finance Committee recommended that Public Safety expenses be reviewed on a regular basis in future years.

Library – The Village has a contractual agreement with the Baldwin Public Library for an annual payment of 1.077 mills as reduced by Headlee. The 1.077 mills is currently reduced to 0.9184 mills and will cost the Village \$547,395 next year. This cost is included in the General Operating millage. The Village is required to give the library a two-year notice to opt out of the contract.

MacDonald suggested that an issue to consider was the use the Village is receiving from the library compared to what it is spending. Koss related that the Village has looked into contracting for service with other libraries including the City of Southfield and Bloomfield Township libraries and found the costs to be higher.

It was noted that 2005 survey results indicated that the majority of Village residents thought that it was important for Beverly Hills to provide library service for residents. Committee members deliberated on the significance and value of the library.

Mooney stated that the topic of discussion should be to consider alternate means of financing the library contract. The cost of the library service could come out of the General Fund or the Village could explore a dedicated millage to pay for library service, which was done prior to 1990. Mooney expressed the view that the General Fund should finance rubbish collection, library service and public safety. MacDonald recalled a discussion a number of years ago when Council decided not to propose an a la carte tax strategy.

Motion by Mooney, second by Westerlund, that the Finance Committee recommends to Council that the library contract cost remain part of the General Fund and not be set out as a separate dedicated millage.

The concern was expressed that the Village does not have a representative on the Baldwin Library Board.

Motion passed (6 – 0).

Building Department – The memo from administration indicated that the Village Building Department has been operating at a deficit since 2000. There are two full-time employees and

one part-time employee for code enforcement. There followed a discussion on the value of this department to the Village. A suggestion was made to investigate incorporating the office activity of the department into the current office staff. The point was also made that there are cuts in services that would change the character of the Village.

Motion by Mooney, second by Jallad, that the Finance Committee recommends that Beverly Hills reach out to adjoining communities to determine whether or not the Village Building Department could be consolidated or outsourced to another community.

Motion failed (3 – 3).

Motion by Hitz, second by Jallad, that the Finance Committee recommends that Administration present Council with the ramifications of creating a Building Department with one full-time employee or reaching out to adjoining communities to determine whether or not the Building Department could be consolidated or outsourced to another community.

Motion passed (6 – 0).

Public Services Department – The Department consists of the Public Services Director (full-time), an office assistant (1/2 time), a public service assistant (part-time), and a field inspector. The field inspector is charged directly to the contract. The duties and responsibilities of the department and staff were discussed. There was no action taken by the Finance Committee.

Increase Revenue

Members discussed what services should be funded with general operating millage versus dedicated millages. There was a consensus that the Village should ask the voters for a general millage increase if money is needed to maintain current services.

Motion by Westerlund, second by Mooney, that the Finance Committee recommends that the cost of rubbish collection and disposal, library service, and Public Safety Pension come from the General Operating fund.

Motion passed (6 – 0).

Koss related that, at its last meeting, Council directed Attorney Tom Ryan to draft language for a Headlee Override ballot proposal for the November election. This would allow the Village to bring the 9.3 mils up to the voter approved 11 mils until the millage rate is again rolled back by the Headlee Amendment. She mentioned that the dedicated infrastructure millage will expire in 2009/10.

The concept of a Headlee Override was explained. A Headlee override would increase revenue by allowing the Village to collect up to the full 11 mils approved by the voters in 1995. The Headlee Amendment requires a taxing jurisdiction to roll back maximum authorized tax rates if the taxable value, excluding new construction, increases faster than the rate of inflation. The Village's millage rate has been rolled back every year and is now 9.38 mils.

Motion by Mooney, second by Westerlund, that the Finance Committee strongly supports the Council decision to seek a Headlee Override ballot proposal for the November 2008 election to reestablish the millage cap at 11 mils.

Roll Call Vote:

Hitz	- yes
Jallad	- no
Lanigan	- no
MacDonald	- no
Mooney	- yes
Westerlund	- yes

Motion failed (3 – 3).

There were Committee members who questioned how the general operating budget can provide for services such as rubbish collection and the library without a Headlee override. Revenue is decreasing each year and expenses continue to increase.

Control Expenses

Committee members discussed how Council and administration can make a transition to negotiating critical health care items in future labor contracts. Mooney interjected that there have been changes to the health care arrangement in every recent Public Safety Department contract.

Jallad suggested that the Village may need to engage a company that can provide benchmarking and template union contracts as well as offer support during union contract negotiations.

Hitz thought that it made sense to bolster Council as it moves forward with union contracts to take an aggressive stance or the most current benchmark in looking at health care costs. He mentioned that getting political cover from the Finance Committee has been helpful to Council in the past.

Koss remarked that Council has been looking at companies who assist with negotiating union contracts to bring down health care costs.

Janet Mooney of 19111 Devonshire asked why certain Finance Committee members voted not to support a Headlee Override. She believed that the Village is running a nearly bare bones operation; there are contracted services that cannot be hastily reduced. Mooney maintained that there is a certain amount of integrity that should be maintained in the community.

MacDonald responded that his view was that the current administration and Council has not done enough to control expenses, citing the recent Public Safety Department contract.

Jallad remarked that he did not have a problem with the Headlee Override. He voted against the motion as a matter of principal because the Finance Committee has not accomplished enough during this meeting to decrease expenses.

REVIEW FINANCIAL IMPLICATIONS OF BECOMING A CITY

MacDonald stated that neither Dorothy Pfeifer, Dennis Fassett, or Jim Merritt are present tonight to address this topic. Council member Pfeifer chaired the city study committee. Finance Committee members Fassett and Merritt sat on the committee and worked on the financial aspect of Beverly Hills becoming a city.

Members had questions about the Ad Hoc City Study Committee Final Report. The focus was on whether there are financial gains to becoming a city and to what extent. It was noted that there were certain inaccuracies in the report. There has been information that has changed since the report was presented with respect to the amount of State revenue sharing under city status and savings generated through Township taxes. Westerlund commented that recent information received since the report was presented indicated that State shared revenue will not increase if the Village becomes a city.

It was mentioned that former members Fassett and Merritt expressed the view at the last Finance Committee meeting that they did not think there was a financial incentive to pursuing city status.

Motion by MacDonald, second by Mooney, the Finance Committee deemed that there is no financial benefit for Beverly Hills to change from a village to a city based on the information provided.

There was discussion on the motion. Lanigan did not think he had enough information to make a decision.

Roll Call Vote:

Hitz	- yes
Jallad	- yes
Lanigan	- no
MacDonald	- yes
Mooney	- yes
Westerlund	- yes

Motion passed (5 – 1).

PUBLIC COMMENTS

Janet Mooney of 19111 Devonshire commented that it is interesting to see the diversity on the committee.

Council member Koss welcomed the two new members.

COMMITTEE COMMENTS

Westerlund questioned whether money was budgeted towards the fire truck reserve in the 2008/09 budget.

Jallad asked if the Finance Committee could define the outputs that it wants to deliver to Council in an attempt to stay on topic. Board members responded to this comment. The new members were encouraged to bring their own approach and new discussions to the group.

Westerlund reviewed that, at the December meeting, there was agreement that the role of the Finance Committee could be to educate Council on important issues; sell Council and the public on future financial issues, and be responsible for the five-year financial forecast and analysis of issues. There was agreement that the Committee was not going to get involved in a line by line review of the budget.

Mooney welcomed the new members.

MacDonald will not be present at the August Finance Committee meeting. Before that meeting, Council will vote on whether to place language on the November ballot to seek a Headlee Override. The agenda item for the August meeting will be to look at the Headlee Override ballot proposal and prepare a communication plan if Council so directs the Finance Committee.

Motion by Westerlund, second by Mooney, to adjourn the meeting at 9:12 p.m.

Motion passed (6 – 0).