

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

Absent: None

Also Present: Village Manager, Wilson
Finance Director, Wiszowaty
Council members, Koss and Peddie

Vice Chairperson Mooney 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 Westerlund, second by Calder, to accept the agenda as published.

Motion passed (6 – 0).

PUBLIC COMMENTS

None

REVIEW AND CONSIDER APPROVAL OF MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON SEPTEMBER 9, 2008

Motion by Calder, second by Lanigan, that the minutes of a Finance Committee meeting held on September 9, 2008 be approved as submitted.

Motion passed (6 – 0).

DISCUSSION REGARDING CONTRACT SERVICES

Hitz reviewed that, at its July meeting, the Finance Committee forwarded recommendations to Council regarding consolidation of services and controlling expenses. At its August 19 meeting, Council directed administration to continue to explore the possibility of consolidating public safety dispatch and to investigate the possibility of outsourcing the building department or consider the option of performing building department services for other communities. Manager Chris Wilson prepared a report dated August 29, 2008 responding to that directive. Council commented on the report at its September 2 meeting and asked that copies be forwarded to the Finance Committee. Hitz questioned whether the Finance Committee was directed by Council to review and comment on the report or whether it was provided for information only.

Council member Koss stated that the liaison to the Finance Committee was not in attendance; however, it was her opinion that Council forwarded the Manager's report to the Finance Committee for its review.

Chairperson MacDonald entered the meeting.

Hitz commented that the report from administration was not what he expected in response to the question of consolidation, merging, and outsourcing. It did not include any numbers that indicate a cost savings or a downside. The report says that administration will research and monitor

possible opportunities for consolidation. Hitz believed that communities in Oakland County must share services wherever possible even if sharing or contracting services may mean a diminution of service. He reminded people that the millage cap restoration ballot proposal is only a temporary solution if it passes.

Jallad agreed that there could be further analysis of costs, savings and feasibility of consolidating services for public safety dispatch and the building department. He suggested that each department head be required to investigate whether their department could increase revenue and retain staff by taking on another community's dispatch or building department. The other alternative would be to conduct feasibility studies to outsource to another community.

Westerlund stated that the building department contracts for its mechanical, electrical and plumbing inspections. These contractors are paid 60% of the fees collected for inspections. Westerlund suggested looking at the building department employees in terms of whether fees for service cover the cost of the employees. He maintained that there is a benefit to a community having a local building department.

Calder expressed the view that further studies on consolidation would have no impact on the financial situation of the Village. Most of the departments are governed by laws. There has been basically no change in Village personnel in 40 years. He maintains that current staff is necessary to handle Village business. Duties have increased over the years due to changes in law, particularly with regard to finances.

Mooney thought that there was a need for procedural guidance. He suggested that there should be a budget provided to investigate the feasibility of consolidation. Mooney added that there is no reason to proceed with consolidating services if the goal is to maintain services the way they are currently. Consolidation of services may save a department \$50,000, but it is likely that the quality of service would be diminished.

Jallad stated that the Finance Committee can suggest that administration make sure that every department head takes a look at how they can be creative and make their department more profitable. The options are to maintain services and increase taxes or come up with creative solutions.

MacDonald thought that there was money to be saved through consolidation of services and that all opportunities should be explored. He proposed implementing a zero based budget for the Village. Each department head would be asked to consider what could be done for 80-90 percent of what is currently spent to operate and what the Village would lose.

Mooney asserted that Beverly Hills is a community that expects services and not a company that is making money. Calder added that Village personnel is at a point where any cuts would effect some operation.

Hitz stated that it would be naïve for southeast Michigan communities to think that they can be as efficient as they are currently and raise taxes to retain the current level of services without exploring consolidation. There may be benefits in terms of cost savings. Further, exploring consolidation options could result in making a case for a tax increase. Voters should be presented

with alternatives to consider. If the Village cannot cut costs any further or save enough money by consolidating services, a tax increase would be unavoidable. Hitz understood that restoration of the millage cap would be a two year fix. Council should be planning now for the next step.

Koss stated that she respects the opinions expressed by Committee members. She questioned how residents can expect the same level of service from the Village today that it received in 1995 when costs have increased and revenue has declined. The future pivots on what happens at the polls on November 4 with respect to the ballot proposal.

Lanigan agreed with implementing zero based budgeting in order to determine what Village departments could accomplish with 80-90 percent of their current budget. The Village will be looking at the department budgets closely whether or not the ballot proposal passes.

Manager Chris Wilson explained his perspective on the topic. He wrote his memo to Council with the thought that consolidation of services in local government and school districts was inevitable rather than an option in southeastern Oakland County. It will happen at some point, but the Village should make sure it is done right. Wilson has seen intergovernmental agreements that work rather well and others that do not work very well. He used SOCRRA and SOCWA as examples of a consolidation model that works well. These entities eliminate geographic boundaries and provide a service to all the people within an area; participating agencies pay the same rate, and; governance is through an independent board.

Beverly Hills is not desperate at this point, but will be next year if the ballot proposal does not pass. If the millage cap restoration proposal is approved by the voters, the Village will still be in a serious financial position in three or four years. The memo was written to provide Council and the Finance Committee with a course to consider. If the Village is going to pursue intergovernmental agreements and consolidations, there are administrative issues that need to be addressed. The memo contains no numbers because there are no proposals to present. Before a consolidation can be proposed and considered, there has to be a willing participant and political will on the part of the Council and the residents.

Jallad questioned whether it would be better to control the consolidation effort before it becomes a necessity. If a community is forced into the situation, it would have to go with whatever options are available. Wilson responded that every community around the Village will be in the same situation because they are all facing the same issues. There may be an opportunity where communities can form a consortium, pool resources, and end up with a better level of services. Wilson believed that consortiums work well while contracting usually has its limitations.

Wilson related that Beverly Hills currently has a prisoner arrangement with Lathrup Village and will probably enter into an agreement with Franklin. Consolidation of dispatch services are discussed regularly. It has been suggested that what may work best in the long term is a regionalized dispatch operation.

Hitz questioned the catalyst in terms of bringing about a consolidation effort considering that it could take two or three years to develop. He speculated as to whether there would be an opportunity for two or three communities to meet with Beverly Hills as the catalyst and discuss how they could consolidate services rather than contract out.

There was further discussion on money saving efforts in terms of attempting to consolidate services and also preparing for upcoming union contract negotiations. Local governments are in unchartered territory and will continue to face financial pressures and budget crises.

A motion was made by Jallad and seconded by Lanigan that the Finance Committee arrive at one or two ideas or requests for information at each committee meeting to be forwarded to Council. Hitz suggested that the motion be postponed until after the Council election in November. After further discussion, Jallad withdrew his motion.

PUBLIC COMMENTS

None

COMMITTEE COMMENTS

Hitz applauded the Manager's comments. Hitz remarked that he was attempting to act as a catalyst by saying that perhaps there needs to be further investigation of consolidations whether or not the ballot proposal passes.

Lanigan stated that the Finance Committee has been asking Council for more direction. He concurred that the motion to present Council with ideas or requests for information should be deferred until a new Council is elected.

Mooney expressed the view that there are a number of topics that the Finance Committee could address. He suggested that Council prepare a list of tasks for the Finance Committee that would support administration.

Wisowaty announced that the Village's annual audit report will be presented by Plante & Moran at the Tuesday, October 21 Council meeting. He will forward a copy of the report to Board members electronically.

MacDonald proposed a schedule of agenda items for 2009. This schedule will appear in the meeting minutes for review and input from Council.

January	- Review six month financials of the Village (July through December, 2008)
February	- Begin to review and discuss budget assumptions
March	- Joint meeting with Council to analyze the financial budget.
April	- Review quarterly financial report for the Village
May/June/July	- Open
August	- First look at the year-end financials
September	- Invite Plante & Moran to attend and discuss the audit report
October	- First quarter financial review
November	- Look at Village contracts with outside firms
December	- Review five year capital/financial plan

Motion by Calder, second by Westerlund, to adjourn the meeting at 8:18 p.m.

Motion passed.