

Present: Chairperson MacDonald; Vice-Chair Hitz; Members: Donnelly, Kleppert, Lanigan and Westerlund

Absent: Jallad

Also Present: Village Manager, Wilson
Finance Director, Wiszowaty
Council liaison, Mooney
Council member, Briggs

Chairperson MacDonald called the meeting to order at 7:03 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE/AMEND AGENDA

Motion by Hitz, second by Kleppert, to approve the agenda as published.

Motion passed.

PUBLIC COMMENTS

None

REVIEW AND CONSIDER APPROVAL OF MINUTES OF THE FINANCE COMMITTEE MEETING HELD APRIL 14, 2009

Hitz questioned the procedure for communicating Finance Committee comments or suggestions to Council and asked if a motion was required. Council Liaison Mooney said that Council members receive a copy of the meeting minutes, but he recommended that the Committee provide him with specific direction if they would like an item reported to Council.

Motion by Lanigan, second by Kleppert, that the minutes of a Finance Committee meeting held on April 14, 2009 be approved as submitted.

Motion passed.

REVIEW AND DISCUSS RUBBISH COLLECTION FEE

The budget being considered by Council includes a \$50 per household rubbish collection fee for service to be applied to the tax bill in 2009/10. Administration has proposed that the charge be increased to \$100 in year two and \$150 per household in the third year.

Kleppert stated that the primary rule of financial stability is preservation of capital. The Village has a balance in its General Fund of about \$1.4 million. The proposed budget requires that money be taken from the reserves to balance the budget. The Village will be spending its capital to subsidize General Fund expenditures. Kleppert proposed that Council set the rubbish collection fee at \$150 or \$180 now in order to preserve capital for almost three years and eliminate the need to lay off public safety officers. Council has the authority to charge a fee for the entire cost of rubbish collection, which would maintain the fund balance. He believed that Beverly Hills residents can afford this. Kleppert suggested that the Finance Committee

recommend that Council vote on whether to charge a \$150 per household fee for rubbish collection or lay off police officers.

Council went to the electorate last year with a millage restoration ballot proposal, which failed. MacDonald remarked that the concern may be that a \$150 charge this year would represent the amount of a tax increase that would have resulted if the ballot proposal passed. It may be considered a compromise to levy the rubbish collection charge over a period of time.

The Committee questioned the logic behind the three-step process for levying the charge for rubbish collection and disposal. Manager Wilson stated that he originally requested a \$50 fee because he thought that the \$210,000 generated would get the Village through the coming fiscal year and prevent further reductions in service. Council approved the \$50 fee by a 4-3 vote. The five-year projection revealed that the budget shortfall would be worse next year and the year after. Wilson proposed going to \$100 in 2010/11 and \$150 in the preceding fiscal year. Council has not approved the subsequent increases in the rubbish collection fee as yet.

Donnelly commented that the voters said that they did not want any additional fees or millages. He thought that the Village should look at ways to cut costs.

Kleppert countered that the people did not approve a millage increase, which would be based on property value. The rubbish collection fee is equal across the board. Council has the authority to implement this fee without voter approval.

Hitz suggested that the question is whether it is better to impose a rubbish collection fee three times or once. Board members discussed the pros and cons of levying the entire \$150 charge in 2009/10. It was suggested that solving the budget deficit for 2009/10 in this way would take people's eyes off the worsening economic situation facing the Village. Kleppert reiterated the concern about preservation of capital.

Wilson said that implementing the \$150 charge this year would not solve the structural financial issues of the Village. The rubbish collection charge would just be a small piece of the solution to address the long-term structural financial situation.

Hitz considered whether the role of this body should be to recommend to Council that the Finance Committee understands the seriousness of the situation and that charging the full cost of rubbish collection at this time is a prudent financial move. This recommendation would be made with the understanding that there will be other sacrifices needed. It would provide Council with the opportunity to make a political timing decision.

Motion by Kleppert, second by Hitz, that the Finance Committee recommend that Council impose a rubbish collection fee of \$150 per household with the 2009/10 budget in order to preserve capital. The Finance Committee thinks that this would be a prudent financial move taking into account its awareness of current and future financial issues facing Beverly Hills.

Mooney questioned whether it would be a prudent financial move to charge the full amount of the rubbish cost given the statement from the community that they do not want taxes to increase. This appears to be a stopgap measure that will only address financial problems until next year. Property values are dropping dramatically; state revenue sharing funds are decreasing; the Village cannot fund its future obligations. Consideration should be given to upcoming union negotiations and future prospects for seeking other funding.

Donnelly questioned whether levying the entire cost of rubbish disposal represents preservation of capital for the reason that the Village has the ability to generate this fee at any time.

Ayes – Hitz and Kleppert

Nays – Donnelly, Lanigan, MacDonald

Motion failed (3 – 2).

REVIEW REPORT REGARDING AVAILABLE GRANTS

Lanigan reported that he spent some time with Manager Wilson reviewing a list of grants that he had identified. Staff has applied for all the grants available to the Village.

Lanigan will be attending a workshop on Thursday, May 14 sponsored by SEMCOG University entitled “Grants: How Elected Officials can Champion the Process”. Topics will include locating grants that are currently available and assistance with the grant writing process. Lanigan will report on this session at the next Finance Committee meeting.

REVIEW AND DISCUSS LIBRARY CONTRACT ISSUE

Board members reviewed activity and ongoing discussion by surrounding communities in terms of opting out of existing library contracts, millage proposals to fund libraries, and attempts to locate alternative methods for obtaining library service.

There was discussion on a community’s obligation to provide services to its residents and what services those include. The question was what the priorities should be if services must be cut. Library service is a benefit that a well run community often provides to its citizens. It was questioned whether requiring all residents to pay for the small percentage who use the library is something that should occur during difficult economic times.

It was suggested that Council put the library issue in front of the voters for consideration. The contract with Baldwin Public Library requires a two-year notice before either party can opt out of the contract.

MacDonald remarked that, historically, the Village general operating millage incorporated all municipal services including trash collection and library service. He suggested that the bigger issue is whether Beverly Hills is moving closer to an a la carte taxing strategy. If voters select services they want to receive through a dedicated millage, it takes that determination out of the hands of Council and Administration. It could be difficult to obtain a common voice of the constituents to support a millage. MacDonald thought that this was a philosophical shift in terms of how to run the Village long-term.

There was agreement among members that it benefits a community and property values to have access to a library. It was suggested that it would be easy to break the library out of the General Fund. There was some support for recommending that Council consider a library millage question on the ballot at an upcoming election.

Mooney commented that Council will be considering the issue of funding the library and may give notice to terminate the contract with Baldwin Library before the end of June. He thought that this November would be an inauspicious time to go to the voters and ask to increase taxes for anything.

Westerlund entered the meeting at 7:55 p.m.

Kleppert made a motion to recommend that Council send a letter to the Baldwin Public Library Board notifying them of the Village's intent to opt out of the library service contract. The motion failed for lack of support.

Hitz suggested that Council initiate discussions with the Library Board to determine what can be done short of canceling the contract. Kleppert thought that the Village would have to provide a two-year termination notice prior to negotiating library terms.

Mooney remarked that there was a general belief on Council that it would be in the best interest of the community to have access to the Baldwin Public Library. There was also certainty that critical services such as the public safety department and garbage collection were priorities in terms of funding from the General Fund.

MacDonald commented on what needs to happen if and when the Village goes back to the voters with a millage proposal. Council and Administration should specify what has been done to contain expenses. It should be communicated that the expenses are growing and something must be done to increase revenue.

PUBLIC COMMENTS

None

COMMITTEE COMMENTS

Westerlund reminded everyone that the Memorial Day Parade will be in two weeks.

Kleppert referred to a paragraph in the Council meeting minutes of April 21 regarding the Public Safety Department's response to a letter from the Village Manager asking for contract concessions. Kleppert provided statistics related to the operation of the Village of Grosse Pointe Shores, noting that it has recently become a city.

Donnelly thought that there was a need to start thinking outside the box to solve the Village's financial problems because he does not envision the electorate approving a millage proposal any time soon based on the state of the economy. This may mean consolidating services with neighboring communities.

Lanigan directed questions to Wiszowaty regarding whether the Village pays unemployment insurance fees to the state or federal government. Wiszowaty explained that the Village is in a direct reimbursement program. A question concerning the status of retirements versus layoffs in the public safety department was addressed by Wilson.

Lanigan asked if the Village is reimbursed for services provided by the Public Safety Department during events that are held in the community. Wilson responded that the Village does not bring in additional staff other than the officers scheduled to work that day. Events have been small enough to maintain routine staffing levels.

Wiszowaty added that, in situations where Beverly Hills has been asked by The Corners shopping center to have an officer present at Christmas time, the Village is reimbursed for the officer at the hourly rate including fringe benefits.

Hitz did not think the Finance Committee was offering much support to Council and asked how this group could help.

Mooney responded that he would consult with Council regarding what members would like to see the Finance Committee undertake on future agendas. Briggs thought that the Committee could look at long-range ideas and possible changes in the way the Village delivers services.

Westerlund suggested that the Finance Committee begin discussions and strategizing for the fall of 2010. It should analyze the advantages and disadvantages of an a la carte millage strategy for the general fund and contemplate the direction of a proposed millage increase.

MacDonald stated that agenda items for the next meeting will include: update on grants, continue discussion on opportunities for generating revenue, discuss 18-month plan for potential millage increase, pros and cons of an a la carte millage strategy, and cost savings in terms of consolidation of services with other communities.

Motion by Westerlund, second by Hitz, to adjourn the meeting at 8:33 p.m.

Motion passed.