

VILLAGE OF GRAFTON

COMMITTEE OF THE WHOLE BOARD MEETING MINUTES

SATURDAY, OCTOBER 20, 2012

The Committee of the The Whole Board was called to order at 8:01 a.m. by President Brunnuquell.

Members present: Jim Grant, Dave Antoine, Sue Meinecke, David Liss, Lisa Harbeck, Richard Rieck, and Jim Brunnuquell.

Staff/Officials present: Village Administrator Darrell Hofland, Police Chief Charles Wenten, Director of Administrative Services Paul Styduhar, Village Clerk Kelly Popp, Director of Public Works /Executive Utility Director Dave Murphy, Planning and Development Director Michael Rambousek, Building Inspector Tom Johnson, Parks and Recreation Director John Safstrom, Library Director John Hanson, Administrative Assistant Pat Hofstad, and Administrative Assistant Melissa Depies

Staff/Officials Absent: Utility Director Tom Krueger

REVIEW 2013 EXECUTIVE PROGRAM BUDGET REQUESTS

Village Administrator Hofland greeted everyone present at the Budget Workshop. He commented on the impact of the Fire Department referendum on the 2013 Executive Budget. Since the referendum is binding, the Village had to come up with a tax rate levy amount by the end of September. Because the referendum is binding, the levy amount (should the referendum pass) is set. The levy amount cannot be changed.

Administrator Hofland stated there was not a lot of new construction in 2011 in the Village of Grafton. The Village of Grafton had only \$4 million in net revenue construction. Other communities, city of Mequon, city of port, town of Grafton all surpassed Grafton net new construction value. Similarly, it is not a good year in 2012 for Village of Grafton for new construction. The community lost \$75 million in its equalized tax base due to the recession. In 2012, based on sales, it will be another down year of property values.

He stated when the Village staff puts together their budgetary recommendations, it is based on a mission statement that was put together in the late 80's and early 90's. Hofland read the mission statement to those present. These are fairly broad goals within the statement. Consequently, Village staff targets funding to meet the objectives. Administrator Hofland reminded the Village Board if they would like Village staff to put money into specific areas, they will need to amend the Areas of Emphasis.

Administrator Hofland gave a power point presentation on the 2013 proposed program budget. He explained tax levy limits. In order to remain eligible, the expenditure

restraint program requires the Village to keep its General Fund expenditure at or below 2.6 percent. The levy limit allowed is 0.06 percent. The Fire Department referendum requires an additional levy increase of 3.45 percent. Total proposed increase on the levy is 3.51 percent.

The overall increase on the average property with a value of \$250,000 is 52.50 as compared to last year's tax bill for Village services. The Consumer Price Index is 2.4 percent. Last month (when the budget was put together), it was 1.7 percent. In order to remain eligible for the Expenditure Restraint Program, the Village is allowed to increase its General Fund budget by 2.6 percent.

With the inclusion of the Fire Department referendum, the estimated assessed tax rate increase is 3.29 percent. Over the last 4 years, the assessed tax rate has increased approximately 40 cents.

The Village's Fund Balance policy is to maintain a minimum fund balance of 25 percent of expenditures. The Executive Budget as presented contains 29 percent. A year ago, the adopted budget had a 27 percent. The Village's policy on annual use of fund balance is to use no more than 5 percent as a revenue source in the General Fund budget. The policy focus is for the Village of Grafton to not become too reliant on fund balance as a revenue source. As part of the budget, 4.9 percent is being recommended for the 2013 budget. The 2012 adopted budget was at a 2.7 percent level.

The General Fund, Special Revenue Fund, Debt Fund, and Capital Improvement Fund are the only budgets which receive property tax levy. Roughly \$490,000 is being reallocated from the General Fund to the Special Revenue Fund due to the Fire Department referendum. For 2013, some additional levy funds are being allocated to the Capital Project Fund. Overall, there is a \$250,448 increase in the property tax levy or 3.51 percent increase. Without the Fire Department referendum, the only additional property tax levy amount would be \$4,396 as a result of limited new construction.

For 2013, the personnel changes are limited to a new full-time Fire Chief and part-time Fire Department Office Assistant. In addition, a contracted part-time Electrical Inspector will become a Village employee.

For the 2013 General Fund budget, 61.13 percent of its revenues are from general property taxes. Intergovernmental Revenues will increase mostly due to increased State - Transportation Aids. The Transportation Aids is based upon a 6-year tally of transportation-related Village expenditures.

The Village of Grafton was one of three communities in the state of Wisconsin to receive the COPS grant for the Police Department planned hiring of an additional police officer. By calendar year 2016, the police officer position will have to be fully funded by Grafton.

The 2012 PILOT was substantially higher than budgeted. The projected 2013 PILOT amount is almost a \$62,000 increase over last year. Building Permits are projected to increase from \$80,000 to \$110,000 in revenue due to planned commercial projects. The 2013 interest income amount is expected to decrease by \$30,000.

Regarding the Executive Budget's 2013 expenditures, there is not a substantial change in how the Village spends its General Fund money with the exception of the Unclassified budget. Due to the annual concern of remaining eligible for the Expenditure Restraint Program, the budget has placed substantially higher amount of funds in the Reserve for Contingency. Consistent with 2010 and 2011, it is not anticipated that these funds will be spent.

Also in the Unclassified budget is the Wage Adjustment Reserve account with a funding level of \$48,704. The account is comprised of funds for an unsettled contract with the Police Officers, a few employees will be recommended for pay grade changes, and merit increase amount of \$10,000 for non-represented employees.

Included throughout the General Fund budget, Salary and part-time wage accounts include funding of a 2 percent pay increase for non-represented and seasonal employees. No decision in the actual amount has been made by the Village Board. The seasonal staff has not seen an increase in 4 years, including positions in the recreation budget, election workers, and crossing guards.

With the creation of a new Special Fund budget for the Fire Department, the General Fund budget for Fire Protection will decrease by \$290,905.

For the 2013 Executive Budget, health insurance-related expenses are anticipated to increase by \$16,779.

Trustee Grant inquired about the changes relating to the Fire Department. Village Administrator Hofland stated that approximately \$250,000 is annually commitment for funding the Fire Department's capital equipment fund. Should the referendum pass, then the Village will begin discussing with the Fire Department how the capital equipment fund will be assigned. President Brunnquell stated that if the referendum passes, the Fire Department will become a Village Department.

Village Administrator Hofland stated that the Wisconsin Retirement System recently notified the Village of an increase of the Village's contribution; the employees' portion will go up as well. The employees' portion went up 6.65 percent. In the protective employee category, the Village portion went up more. Trustee Meinecke confirmed that both the employee and employer portions have increased; Village Administrator Hofland and Director of Administration Services Styduhar confirmed this was the case.

Special Revenue Fund - Fire Protection and Rescue

The new Fire Protection and Rescue Fund budget was explained by Village Administrator Hofland. The Village's portion of contribution regarding fire protection and

rescue will double as a result of the referendum, slightly over \$1 million. The Town of Grafton's funding share is approximately \$326,000 and the anticipated ambulance service billing revenue is approximately \$180,000. State Fire insurance dues will be approximately \$50,000. The Village and Town get a rebate from the state to help offset the cost of having a local fire department inspect commercial and industrial properties. The expenditures in the Fire Protection and Rescue budget will increased due to stipend payment for volunteers for on-call and training and hourly payment for paid time staff for EMS from 6 a.m. until 6 p.m.

Park and Open Space Fund

The Aquatic program budget will is recommended to include approximately \$29,000 with upgrades for the bathhouse, hot water heater, four valve replacement, and sump pump. A five year plan for some maintenance has been discussed with the Park and Recreation Board. Park and Recreation Director John Safstrom stated they would be making the fixtures ADA accessible, replacing the rusted doors, and raising the counters to ADA height. Valves and impellers need replacement as they are in disrepair.

The fund also includes an update of the Park and Open Space Plan as required by the DNR to maintain eligibility for possible grant funds. The Plan must be updated every five years.

Environmental Fund

Village Administrator Hofland explained the financial health of the Environmental Fund. Hopefully future expenditures will decrease. In addition to the expenses of well monitoring, four years of debt service payments remain. The fund balance as of December 31, 2012 is expected to be \$340,000 and in 2013, \$212,500. Other revenue sources will have to be found to fund expenses starting in 2015.

Room Tax Fund

All of the hotels are up-to-date on paying their room taxes. For 2013, the Fund is projected to support \$125,000 in debt service. The Village is currently in discussions with MIAD to design a WIS 60 gateway feature. Room tax funds would be a nice source for that project. Hofland has earmarked \$20,000 for next year. President Brunnuell stated that a group of 10-12 students are working on this project. It is expected that 9 to 10 different designs will be presented. The Chamber of Commerce is aware of the project and is supportive.

The Library Fund

In order to continue to be a libaried community, the Town of Grafton is making a larger contribution to the Library Fund in 2013. The additional funds will be placed as committed capital improvements in the Library Fund's fund balance.

The number of Village cardholders at the library continues to grow; Town cardholders continue to drop. Consequently, the Village's funding share will increase over the town due to the funding formula based upon the porportion of cardholders.

The Village's 2013 funding level is the same as 2012.

The Debt Service Fund

The property tax levy needed to fund the 2013 Debt Service Fund budget is decreasing by over \$100,000. The Village's non-TID debt is decreasing. In 2005, \$1.03 of the Village's tax rate went for debt service; in 2013, \$0.55 will go for debt service. Due to the \$75 million decrease in property value, it has affected the Village's statutory debt capacity ratio by approximately 3 percent. The projected non-TID debt as of December 2012 is 33 percent of the statutory debt capacity. General Obligation Debt is estimated at \$38 million in 2013. The actual debt service peaked in 2009.

Proprietary Fund

For 2013 there is no recommended water or sewer rate increase. The last time there was a water rate increase was approximately 2009.

For 2013 capital projects, the diversion interceptor sewer upgrade is a large project as well as the construction of the replacement equipment storage facility.

Capital Projects Fund

The largest capital project in this fund is the Port Washington Road urbanization/widening project at \$1,505,000. Additional 2013 street projects include the mill and overlay project of \$158,400 on Maple Street (First Avenue to Highland Drive) and \$151,200 on Highland Drive (Fourth Avenue to Maple Street).

Equipment Fund

The replacement of two police squads will be approximately \$50,000, firearms \$24,000, portable radios \$8,170, radar recorder \$5,000, and 5-yard dump truck with plow and wing \$173,400. The current dump truck is 15 years old and is expected to bring \$10,000 from the resale.

TID Funds

All TIDs have a significant valuation decrease from prior years. TIDs 3 and 4 budgets identify donations from TIDs 2 and 5. Considerable discussion occurred on strategies to keep TIDs 3 and 4 financially balanced. Village staff has contacted other communities regarding their handling of the TIDs. The Advance (loan) funds are being transferred from the Capital Projects Fund. In order to leverage future private investments, TIDs 3 and 4 have grant funding for the facade and signage projects/

Village Administrator Hofland stated Village of Grafton budgets are available at Village Hall, the website and the Library. A Budget in Brief has been created to be user friendly and is approximately 16 pages. A YouTube video will be available as next Friday.

Administrator Hofland completed his presentation.

President Brunnquell stated there would be a short break before coming back for questions. Break was taken at 9:11 a.m. President Brunnquell reconvened at 9:25 a.m. after the break.

President Brunnquell inquired on the Adult Senior Services program budget's exterior ADA door and related ramp project. Park and Recreation Director Safstrom explained that the Multipurpose Senior Center is the only Village building that is not ADA accessible. The door replacement include a push button power assist the north side door.

President Brunnquell inquired on the Woodland Cemetery program budget and asked about the 2012 Estimated \$1,400 miscellaneous supplies and expense. Building Inspector Johnson responded that it was for the regrading of the shoulders adjacent to the newly paved internal road.

Trustee Grant inquired about public safety-related 2013 proposed budgets. Chief Wenten stated the Executive Budget was consistent with what his department reasonably need. He stated the COPS grant will fund the vacant police officer position. The replacement officer will not be viable on the schedule until late April. This will allow one officer to go into the drug unit as well. Some FMLA issues have occurred in 2012 with his existing staff. Hopefully the issue will diminish in 2013 and the resulting impacts will be resolved.

Building Inspector Johnson stated he has been given the funds necessary for the operation of his department.

Park and Recreation Director Safstrom commented he is comfortable with the 2013 proposed budget.

Planning and Development Director Rambousek stated he is okay with the 2013 proposed budget in regards to the Planning and Development Department. He stated his support staff will be back in the next two weeks; if not, the position will be filled.

Director of Public Works/Village Engineer Dave Murphy stated that a number of roads will need to be done this year. The roads that are being fixed are really bad by the time the Public Works Department is provided with funds to repair them. If there is any additional money for road upkeep, he is requesting it.

With Public Works and Engineering Department having one support staff member, they are shorthanded when the Administrative Assistant is out for vacation. He is requesting additional funding of \$3,950 to add Public Works office hours for a part-time Park and Recreation Department employee who has been helping out from time to time in the Public Works Department. He thanked the Village Board for their consideration.

Trustee Grant inquired on the timetable for Rose Street reconstruction. Director of Public Works/Village Engineer Murphy stated a road rating is done every two years.

Next year will be the year for the road rating to be completed again. President Brunnquell asked if they have been holding their own on the road upkeep. Director of Public Works/Village Engineer Murphy stated yes they have been doing well with upkeep. Village Administrator Hofland asked the Village Board of Trustees to turn to the Street Repair and Maintenance program budget on page 94 to review the benchmarks for Percent of Streets Rated Fair or Higher and Average Street Condition Rating.

Director of Public Works/Village Engineer Murphy commented on the Wastewater Treatment Plant. Opening bids on the new equipment storage facility will start soon.

Library Director Hanson commented on the Library's proposed 2013 budget. He stated the Library is funded adequately. Trustee Grant complimented Director Hanson on the operations of the library stating he has done a good job.

Director of Administration Services Paul Styduhar commented on the Clerk 2013 proposed budget. He felt it was adequate for funding.

President Brunnquell stated support staff in the Department of Planning and Development is not adequate. He asked Planning and Development Director Michael Rambousek to comment. A part-time person is adequate when the person is present.

Trustee Grant asked if an additional full-time employee would be helpful. President Brunnquell stated Mike Rambousek holds his own, but that the Village need to grow. Estimated compensation cost would be \$75,000-\$80,000 for a full time professional employee. Trustee Grant stated that Director Rambousek needs to spend more time on economic development. President Brunnquell stated that this is something he will be looking at for next year as economic development is a necessity. Director Rambousek stated that he would provide the Village Board with information on economic development-related activities.

Trustee Grant inquired on the Executive Budget's resulting tax bills and the total tax rate for municipal purposes. Village Administrator Hofland commented the tax rate will result in a \$52.50 increase on a \$250,000 property including the funding associated with the Fire Department referendum. If the referendum does not pass, the tax bill comparing 2011 and proposed 2012 amounts will be \$2.50 less. Village Administrator Hofland stated that this information is included on FAQ flyer at the Village Hall counter. Trustee Grant stated that the Village's website would also assist in providing this knowledge to Village residents.

Trustee Rieck inquired on how much more funding would be available if the amount of Applied Fund Balance is increased from 4.9 percent to 5.0 percent in the General Fund. Village Administrator Hofland stated approximately \$84,000.

President Brunnquell expressed concern is that the Public Works personnel request did not go through the budgetary process. He stated new items cannot directly come to the

budget workshop. The Village Board's consensus was that they would prefer this request go through the possible channels to amend the budget at a later date.

Trustee Meinecke identified that she had requested Village staff provide several years of budget information on a line item basis. President Brunquell requested that Trustee Meinecke and Director of Administrative Services Styduhar confer on what information is needed and how best to provide and/or obtain the budgetary information.

Trustee Grant asked if there could be an impact on the Village's credit rating due to the financial condition of the Village's TIDs. Director of Administrative Services Styduhar stated that it was his perception that this would not affect the rating.

An informational meeting on the Fire Department referendum was reaffirmed as November 7, 2012, at 6:00 p.m.

Based upon a question from the public, the Village's community surveys were discussed briefly. A request was made that citizen comments be allowed as they had in the past. With no objection from Village Board members, Administrator Hofland stated that it would be added back into the next community survey which is anticipated to be more comprehensive in nature.

ADJOURNMENT

Motion by Chair President Brunquell, seconded by Trustee Antoine, to adjourn the Committee of the Whole at 10:14 a.m. Motion carried.