

VILLAGE OF GRAFTON

COMMITTEE OF THE WHOLE MEETING MINUTES

OCTOBER 16, 2010

The Committee of the Whole meeting was called to order at 8:00 a.m. by Village President Jim Brunnquell.

Board members present: Jim Grant, Ron LaPean, David Liss, Susan Meinecke, Richard Rieck, Lisa Uribe Harbeck, and Jim Brunnquell

Staff/Officials present: Village Administrator Darrell Hofland, Finance Director Paul Styduhar, Village Clerk Teri Dylak, Utility Director Tom Krueger, Planning and Development Director Michael Rambousek, Building Inspector Tom Johnson, Community Activities Director John Safstrom, Library Director John Hanson, Police Chief Charles Wenten, Administrative Assistant Pat Hofstad, Director of Public Works /Village Engineer Dave Murphy, Administrative Assistant Melissa Depies, and Administrative Assistant Rachel Reiss

REVIEW 2010 DEPARTMENTAL BUDGET REQUESTS

Village Administrator Darrell Hofland stated this was a challenging budget of the Village. There were many parameters established by factors out of the Village's control. Department Heads have done a great job working within the restraints.

Mr. Hofland stated that for reference purposes a 1 cent addition or reduction to the tax rate equals \$10,788 change to the tax levy.

As in past years, Administrator Hofland identified the out of state conferences (beyond Wisconsin, Iowa, Illinois, and Minnesota) that Department Heads and he will be attending in 2011.

Administrator Darrell Hofland reviewed the major Areas of Emphasis which were approved by the Village Board in June.

Mr. Hofland stated that Village staff had State-imposed expenditure restraints and Village of Grafton self-imposed fiscal restraints to consider when preparing this budget. The Village has four self-imposed restraints: maintain eligibility for the Expenditure Restraint program, keeping the equalized tax rate at CPI (Consumer Price Index) or lower, work toward a minimum 25 percent fund balance, and limiting use of applied General Fund's fund balance to 5 percent.

Administrator Hofland stated that the Wisconsin Department of Revenue allows the Village to increase its expenditures by incorporating the Village's property tax base growth and the Consumer Price Index. For 2011, the Village is allowed a 2.00 percent

increase in expenditures. The Executive 2011 Budget expenditure will decrease by 3.46 percent.

The Village of Grafton had an overall property devaluation as of January 1, 2010, according to the State of Wisconsin. In past years, a property's fair market value increased from year to year. This year due to the property deflation in the Village, like many communities, a decrease in property values occurred.

Mr. Hofland is proposing for the 2011 Budget an assessed tax rate increase of 0.99 percent.

The Village's goal to maintain a minimum fund balance of 25 percent of the General Fund, as a financially responsible "safety net" for unanticipated expenditures, is consistent with Moody's Credit Service's recommendation for the Village. The proposed 2011 Budget fund balance is 25 percent.

The Village's policy is to limit the use of applied fund balance to 5 percent. The 2011 Executive Budget proposes using 7 percent of applied fund balance (similar to the 2010 budget).

Mr. Hofland noted the total levy requirement is \$6,941,344, a 1.34 percent increase over the levy requirement of \$6,849,282 for 2010. The increase in tax levy is approximately \$24,106 in revenue generated from new construction and \$67,956 from existing properties.

Mr. Hofland stated GASB 54 has made it necessary to reallocate tax levy from the General Fund to the Library Fund. Subsequently General Fund expenditures have been reduced equally for the same reason.

Mr. Hofland reviewed the significant changes to the 2011 General Fund Budget.

The fuel costs for 2011 are based on an assumption of \$2.92 per gallon. This anticipates the actual pump price to be \$3.16 per gallon. Health insurance will be increasing by 8.5 percent. Utility costs from We Energies will increase in January 2011 due to the removal of the Point Beach credit on the bills.

There is an increase in personnel costs for Inspection and Assessing. The department has been struggling in 2010 to keep up with the workload. This half-time position is funded as of April 1, 2011.

There are no wage increases for any employee group in the 2011 budget.

The Woodlawn Cemetery Capital Account includes a replacement storage shed.

The Park and Open Space Fund includes replacement registration software.

The Park and Recreational Facilities Fund includes funding for the south side park.

The Room Tax Fund has a reduction in funding for branding services but an increase to fund the 2011 Debt Service Fund.

There are no material changes to the Environmental Fund, Recreation Fund, Aquatics Fund and Revolving Loan Fund.

Debt Service expenses peaked in 2010. This allows for a reduction in tax levy to support the debt service as well as a reduction in use of applied fund balance.

The Capital Projects Fund includes funds for the Falls Road Urbanization Project, mill and overlay of 17th Avenue, Valley Drive and Glen Anna Drive, replacement tennis courts, and repair of hazardous sidewalk.

The Equipment Fund allows for the replacement funding of 2 police squads, recorder/call check equipment, a 3 yard dump truck, a cracksealer (50 percent funded by the Town of Cedarburg) and a step van.

Mr. Hofland reviewed the projects for TID No. 3 and TID No. 4. Developer Incentive funds will only be expended if there is a redevelopment project. These TIDs will receive donations from TID No. 2 and TID No. 5.

There are no planned projects in TID No. 2 – Business Park or TID No. 5 – Grafton Commons.

President Brunquell commended staff on their hard work to present this budget.

Trustee Grant questioned what reduction in expenses would need to be to have a zero tax rate increase. Mr. Hofland stated that approximately \$63,000 would need to be removed.

The Village Board discussed the following items:

- Election Machines
- Training and Conferences
- Dispatch Console Furniture
- Parks and Recreation Registration Software

Village Clerk Dylak stated the Election Machines will be necessary when the State certifies the machines. Without these machines an election would not be able to be run.

The Board concurred that staff needs to go to training to ensure they are up to date on the best procedures for Grafton.

Chief Wenten stated the new furniture for the dispatch area would be for better ergonomics.

Parks and Recreation Director Safstrom explained the new software would replace a program that is no longer supported by the company. It is a step above manual entry. The new program would allow for on-line registration, better reporting, and a more efficient process.

Bill Harbeck, 907 17th Avenue questioned what effect on the Moody's rating would 30 percent of fund balance have and if it would be beneficial to increase that fund balance now. Mr. Hofland stated that an increase in fund balance is only one criterion that Moody's considers for an investment rating upgrade. The TID health is another factor. With the challenges faced in TID No. 3 and TID No. 4, a credit rating adjustment is not likely at this time. A fund balance increase is something to strive for.

Sue Hass, 1226 Water Terrace, questioned if the bankruptcy of the developer of Blue Stem would have an effect on the Falls Road project. Mr. Hofland stated the timing of the project is good since no outstanding special assessments exist. It should not have an effect.

Trustee Grant questioned what portion of recreation programming was self-funded. Administrator Hofland stated that in 2010 the Village will not subsidize any recreation programs. In 2011, only \$1,640 in tax levy support is budgeted.

It was a consensus of the Board to not make any changes to the 2011 Annual Program Budget.

President Brunquell stated the Village of Grafton is ahead of neighboring communities. This is due to the fine job of staff. The Village is still able to provide quality services without having to raise taxes considerably.

Trustee Grant stated the Village has the best staff in the area!

ADJOURN

Motion by Trustee Grant, seconded by Trustee LaPean, to adjourn at 10:22 a.m. Approved unanimously.