

VILLAGE OF GRAFTON

COMMITTEE OF THE WHOLE MEETING MINUTES

OCTOBER 15, 2011

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, Dave Antoine, 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, Director of Public Works /Village Engineer Dave Murphy, Utility Director Tom Krueger, Planning and Development Director Michael Rambousek, Building Inspector Tom Johnson, Parks and Recreation Director John Safstrom, Library Director John Hanson, Police Chief Charles Wenten, Administrative Assistant Pat Hofstad, and Administrative Assistant Melissa Depies

REVIEW 2012 DEPARTMENTAL BUDGET REQUESTS

Village Administrator Darrell Hofland identified that due to the continued economic situation, this was a very challenging budget to prepare. The Management Team was very proactive in reviewing their operational costs and needs when preparing the 2012 Budget. The budget process started in March, when it was identified at the state level, that there would be significant cuts in shared revenue and grants, such as the recycling grant program. There were many factors that are out of the Village's control that affected this budget.

Administrator Darrell Hofland summarized the major Areas of Emphasis, which were approved by the Village Board in May.

He reminded the Board that the only increase to the Village's tax levy, over the 2011 levy amount, is associated with new construction. The total levy for 2012 is \$7,131,878 compared with 6,941,344, a difference of \$190,534 or 2.74 percent increase.

The Village is allowed to increase General Fund expenditures based on new growth and the Consumer Price Index. Based on these two factors, the Village is allowed a 5.2 percent increase in expenditures for 2012. The 2012 General Fund budget is going down by 0.23 percent.

The Village has a goal to maintain the fund balance at 25 percent. The 2012 Budget maintains a 26 percent fund balance. Another goal is to limit the use of applied fund balance to 5 percent. The 2012 Budget uses 3.7 percent of fund balance compared with 7 percent in 2011.

The 2012 assessed tax rate remains at the 2011 rate of \$6.44 per \$1,000 of assessed valuation.

Administrator Hofland briefly reviewed General Fund revenues for 2012. Revenues included in the budget are: property tax levy, cable franchise fees, other charges for services, and the recently approved recycling fee. Administrator Hofland also identified that in 2012, the Utility will become a division of the Public Works Department. In addition, the Utility billing and collection responsibilities will be transferred to the Finance Department. The Utility support staff will be relocating to Village Hall in January. Staff salaries and benefits appear in the General Fund; however, the Utility will be reimbursing the General Fund for these expenses.

Administrator Hofland identified recommended staffing level changes for 2012. The Utility Director position will be reduced to a .60 FTE, the currently vacant Police Officer position will not be filled and the .50 FTE Assessing/Inspection Office Assistant is not funded in 2012.

Shared revenue, transportation aids, interest income and fund balance decreases were reviewed.

The expenditure portion of the 2012 budget was reviewed. On Feb 16, 2012 the current cable TV franchise with Time Warner Cable will expire. Communities are no longer allowed to have individual franchise contracts with cable providers. The providers are required to be on a statewide contract. Part of the Village's contract requires free cable local access channels and free roadrunner service for the Village's use. With the expiration of the contracts, the Village will be charged for these services.

Changes to expenditures include: transfer of billing/collection to Finance, increase in Police overtime due to not filling the current vacancy, four elections, including the fall Presidential, increase in salt, line striping and an increase in fuel costs. The budget also includes an increase from \$30,000 to \$50,000 in contingency. This increase is being done in the event there is an increase in the demand for Inspection services in 2012. This could occur with new construction and/or the anticipated contract with the Village of Saukville for Inspection services. The \$20,000 would cover the additional cost for the part-time inspectors and office staff assistance.

Administrator Hofland also identified that funds have been placed in the wage reserve account in anticipation of a possible wage increase for non-represented staff. This employee group has not had a wage increase in two years.

Other significant expenditure changes include: an increase in the sanitation/recycling contract, and an increase in utilities for the Municipal Services Facility. In addition to the staffing adjustments, the Budget reflects a decrease in contracted Planning services and financial software.

Anticipated expenses in the Park and Open Space Fund, Environmental Fund, Room Tax Fund, Library Fund, Debt Service Fund, and Enterprise Fund were reviewed. Administrator Hofland highlighted the Capital Projects and Equipment Fund purchases anticipated in 2012.

Administrator Hofland reviewed TID No. 3 - Downtown District and TID No. 4 – South Commercial District expenditures. He stated that TID No. 3 received donations from both TID No. 2 and TID No. 5 and TID No. 4 received a donation from TID No. 5. Both districts are struggling. Developer incentive funds have been included in TID No. 3; however, they will not be spent unless a developer comes forward with a viable project.

Administrator Hofland identified that the Budget in Brief video will be available on You Tube in the near future.

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 2012. He stated that five staff members will be attending conferences outside of the region.

Should the Village Board have an interest, the addition of \$11,100 in expenditures will create a 1 cent increase in the assessed tax rate.

Trustee Grant clarified that this is the budget workshop for presentation of the 2012 Budget by staff to the Village Board. The public hearing on the 2012 budget is scheduled for Wednesday, October 26.

Director of Planning and Development Mike Rambousek commented the Staff worked together to provide an effective budget for 2012.

President Brunnuell commented that a major issue for the 2012 Budget is the fact that in 2011, the Village utilized a significant amount of fund balance to lessen the taxpayer burden. In addition, with less revenue expected in 2012, Staff will need to come up with \$300,000 in cuts, in 2013, to make up for the use of fund balance in 2012. The budget is workable for 2012, but we need to look forward to future budgets. Expenditures made now will have an impact on future budgets.

Administrator Hofland informed the Board that the Village of Grafton had the highest amount of new construction increase (2.35 percent) in Ozaukee County. This increase is, in part, the result of the medical office building portion of the Aurora Medical Center receiving full value in 2012. The Gauthier Bio-Medical project and the First Bank Financial Centre will not receive full value until 2013. The Grafton Hotel project valuation is in TID No. 3 and will not be fully realized until the district closes.

Director of Public Works/Village Engineer Dave Murphy commented that Staff worked very hard on maintaining services in the 2012 budget. The Department of Public Works is doing a considerable amount of in-house construction work instead of having the

work done by an outside source. We are still able to provide a high level of services to the residents of Grafton at minimal cost.

President Brunnquell commented that there are really no “fluff” items in the 2012 Budget. Staff has done an excellent job in preparing this budget.

Director Rambousek asked what the reduction in interest payments is for 2012, based on the reduction of total debt for next year. Finance Director Styduhar responded that there is a decrease of approximately \$50,000 in interest payments for 2012. In addition, in 8 years the total debt of the Village, assuming no new debt is issued, will be less than \$20,000,000. Administrator Hofland commented that the Village has a very aggressive debt repayment schedule in place.

Trustee Grant questioned if the driveway work at the Police station is part of the driveway that is shared with the former Village Hall building. Police Chief Wenten responded that the resurfacing is not on the shared portion of the driveway.

Trustee Grant commented that due to not funding the replacement Officer, the overtime budget for the Police Department has been increased by \$12,000. He asked when Highland Drive was slated for reconstruction. Director Murphy responded that the Public Works Department has done a significant number of patching on this roadway to stabilize the surface until it can be resurfaced in 2013. Trustee Grant also questioned if the Village is still working with the School District on the proposed new tennis courts that were lost when the MSF building was constructed. The \$80,000 cost, if done by an outside contractor, may not be enough to cover the cost. Administrator Hofland stated if the courts are placed at John Long Middle School additional work is being requested by the District. Discussions are continuing on this issue.

President Brunnquell asked about the road rating program. Director Murphy responded that the Benchmark goal is for 95 percent of the roads to be rated at 4 or higher. We have been at 91 percent and will be 92.5 in 2012. Director Murphy also commented that the Village has done a considerable amount of aggressive crack sealing work to extend road life. There are a number of road surfaces that are in need of repair. He estimated that there are approximately 10-years worth of road resurfacing that should be done in next the next 5-years. The Department is postponing resurfacing when possible.

Administrator Hofland commented that the Village has experienced a cut of almost \$60,000 in Transportation Aids from the State, which affects capital projects. Director Murphy stated that the receipt of the local road improvement grant did allow the Village to add Cedar Street to the program.

Trustee Meinecke questioned if the \$80,000 referenced for the tennis courts is the amount originally identified in the Municipal Services Facility project. Administrator Hofland stated that the project originally identified \$60,000 for the court replacement.

Chief Wenten commented that the wages and benefits for the Utility staff are being charged to the General Fund and then reimbursed by the Utility. He questioned if the funding should be allocated directly to the Utility to provide additional expenditures in the General Fund. Administrator Hofland responded that the wages are allocated in the fund where the employees are assigned.

Trustee Grant asked if any Department had any items that were removed from the 2012 Budget that they wanted to appeal.

Chief Wenten stated that, while he is aware of the challenging restrictions placed on the Village by the State, his staffing needs have not changed. The necessity for 22 sworn officers is still present and his Department does not have a depth of resources to absorb the loss of the eliminated Police Officer position. He indicated that both Captains are going on patrol, as well as Investigator Wenzler. Chief Wenten stated that he has also been on patrol due to staffing shortages. He informed the Board that some of the overtime being experienced in 2011 is due to several FMLA matters within the Department. Chief Wenten identified that he is working with the Police Union to make shift changes to provide better coverage. One of the things being considered is a split shift scenario; however, this scenario will likely create other challenges for personnel.

Chief Wenten stated that he has conferred with Cedarburg Police Chief Franks on how shifts are established for their Department and is looking at scheduling options.

Chief Wenten requested that the Village Board reconsider not funding the Police Officer position due to impact on public safety throughout the community.

Trustee Grant questioned if it is possible to have the nearest jurisdiction respond to a call. For instance, if the location of the call is closer to Cedarburg, they would respond to the request for service. Chief Wenten responded that unless requested for mutual aid, an outside Department does not have jurisdiction within another community. Mutual aid was received from Cedarburg and Ozaukee County for the recent bank robbery.

If funding for the Police Officer is added back into the budget it would add roughly 7 cents to the tax rate. Administrator Hofland reminded the Board that, per state law, the Village cannot add additional expenditures to the levy. An equal amount would need to be removed from the budget in order to add back the expenditure for the Officer.

Trustee Grant commented that not hiring the Officer could be a safety issue for the community. He would like suggestions from Staff on items that could be subtracted from the budget in order to fund the Officer. It comes down to what we can do without. Administrator Hofland suggested that the Management Team be allowed to review the matter and recommend possible budget cuts.

President Brunnuell stated that many things are driven by actions at the state level and the unions should not be excluded. He questioned if any thought has been given to asking the Police Officers to make a contribution to WRS and health insurance similar to

non-represented employees. Chief Wenten responded that discussions with the Police union on this possibility are not going well.

Trustee Grant reiterated his earlier comments that the Officer is needed to help provide a safe community. President Brunquell stated that the Officer position has not been staffed since April, and there has not been a drop in service and as far as he knows there have not been any complaints in the service provided by the Police Department.

Chief Wenten commented that service calls are being answered; however, with all of the overtime staff is putting in, burnout is a real possibility.

President Brunquell stated it appears that there is a consensus is to bring this matter back for discussion. The Board needs to remember that this is not a single year issue and there are other things that need to be considered for future budgets including less reliance on fund balance to make the budget work.

Trustee Meinecke stated that we should approach the budget more like a household budget by looking at the basic necessities. She would like to see the Police Officer included in the 2012 budget. She stated that items such as books, dues and subscriptions and training expenses should be looked at.

Administrator Hofland stated that Staff continues to do more with the same or less. In order for Staff to provide the best service possible to the community, they must remain up-to-date on law changes and available options. This is obtained by the various Associations and training which staff attends. Trustee Meinecke suggested that instead of traveling to presentation, Staff purchase the materials and eliminate additional expenses.

Trustee Harbeck agreed with Trustee Meinecke stating that if we want to include the Police Officer, staff will have to find a way to meet that expenditure.

Several Staff members commented that they are required by statute to maintain certifications in order to do their jobs. It was also stated that unfortunately there is no incentive for the Police unions to find a solution to this problem. They do not appear to be willing to give anything up in order to add back the Officer they claim they need.

Trustee Grant stated that having a visible Police presence is very important and vital to the community. When businesses and residents consider coming to Grafton the three major things that are looked at are Library services, Public Schools and Public Safety. He suggested that Staff can utilize on-line training instead of traveling to conferences.

Several staff members stated that on-line training is not always an option and the networking that is available at a conference is invaluable.

Trustee Rieck stated that while he understands the Chief's position, he cannot support the inclusion of the Officer at this time. He is not willing to lose other Staff because of

adding back the Police Officer. He also suggested that the Department consider purchasing only one squad a year instead of two.

There was a brief discussion on extended warranty programs for the squads. Chief Wenten stated that it is difficult to find these programs.

Trustee Meinecke commented that while overtime is covering the current staffing shortages, there is a potential for sleep deprivation and workers compensation claims the longer extended work time goes on. She does not want to see staff pushed to that possibility.

Administrator Hofland stated that when the Officer was added 4 years ago, it was in anticipated of additional growth. A lot of that growth has not occurred and crime is down. Unfortunately, the times require tough decisions in order to maintain the tax rate.

Chief Wenten stated that Police personnel know what they are getting into when they take the job, and will do what is necessary to get the job done.

The impact of extended shifts and shift changes on employees was briefly discussed.

Administrator Hofland questioned staffing levels in the City of Port Washington and the City of Cedarburg, both similar in size to the Village of Grafton. Chief Wenten responded that the City of Cedarburg has 20 authorized sworn officers and the City of Port Washington has 19. The Village of Grafton currently has 21 sworn officers and previously had 22.

Trustee Liss questioned if a newly hired Officer would be required to pay the WRS and health insurance percentages. Administrator Hofland responded yes.

President Brunnquell commented that non-represented employees have taken the most fiscal hit due to Act 10 provisions. This employee group has been asked to pay additional amounts without a wage increase. He asked if the non-represented sworn Police Department Staff is willing to take the same hit on WRS and health insurance. Chief Wenten responded that the Captains are already making less than some of the Sergeants because of their overtime. He stated that if the union members would agree then Administrative Staff would likely also agree.

President Brunnquell stated that if adding back the Officer is really important to the Police Department, then whatever is necessary to make that happen should come from the Police Department budget.

President Brunnquell reminded the Board members that we should not only take into consideration 2012 needs, but look at the impact this budget will have on future years. We are going to have to come up with the \$300,000 of fund balance we are using this year, next year. It is no longer business as usual and it is time to begin a new way of providing services to the community with minimal financial impact

Trustee Meinecke indicated that initially the Board was given a doom and gloom scenario for the 2012 budget and yet Staff was able to create a budget with a zero increase. Administrator Hofland stated that when the initial components of Act 10 were revealed there were a considerable larger number of cuts to municipalities. The final version included less of an impact than originally anticipated.

Trustee Grant asked if it would be possible to hire a retired Police Officer or have a non-sworn person assist the Department. Chief Wenten stated that a non-sworn person would not have arrest capabilities. In addition, there would likely be issues with the union. He also stated that the Department does not have the volume for a stand alone "desk officer" position.

Director Murphy suggested that the Village may want to consider, for future implementation, a charge for garbage pick-up similar to the newly implemented recycling fee.

The Board continued discussion on the Police Officer position. Several members identified that they would like to consider replacing the Officer to meet the current needs of the community. If necessary, they would be willing to look at eliminating the position in the future.

President Brunquell disagreed with only looking at the immediate need. The growth assumption of this position have not been met and Grafton is already staffed higher than our sister communities. The safety needs of the community are being met.

Trustee Meinecke again suggested that Staff look at items in the budget that are not necessary to run the community.

The long term impact of adding this item back into the budget must be considered in order for the Village to move forward on this.

Trustee Grant commented that while he does not like creating additional fees, the time may come when we have to start charging for some of the services being provided.

The possible inclusion of referendum questions on the spring ballot was briefly discussed. Suggested items for the questions could include exceeding the levy amount, maintaining services and what the residents consider a priority for services.

Trustee Harbeck stated that she would like Staff to look at what can be eliminated from the 2012 budget with no impact to services. She would rather cut incidental items instead of adding user fees.

The expenditure for street trees, branding, and fuel were briefly discussed. The possible charging for the use of the Police Station shooting range was also discussed.

Several Board members agreed that Staff look at training costs. It was stated that most private businesses require their employees to pay for certifications and training. It is considered part of the job.

It was the consensus of the Board to direct Staff to look at travel expenses, squad cars, local auto expenses, and any other item determined not to be vital to services.

Trustee Grant stated that the Village of Grafton has a very well run community. The professionalism of our Administrator and Staff is second to none.

Trustee Liss questioned if funds were placed in the 2012 budget in the event of a recall of Governor Walker. Clerk Dylak responded no, only scheduled elections were included in the budget.

Trustee Harbeck suggested that instead of completely eliminating training, Staff should consider prioritizing their needs and cut this line item by half.

Trustee Grant asked about the possibility of closing the TIDs that are productive. Administrator Hofland stated that the TID laws allow for only 50 percent of the revenue of a district to be used for operations. In addition, TID No. 2 and TID No. 5 are subsidizing TID No. 3 and TID No. 4, so closing these districts is not an option at this time.

Trustee Liss questioned the EAP expense. Administrator Hofland stated it is an employee assistance program contracted through Aurora Health Care. The program provides employees with assistance on personal, legal and family matters as well as counseling.

Trustee Grant asked if it is possible to create a 2-year budget. Administrator Hofland responded no.

Administrator Hofland stated that if it is decided to add the Police Officer position back into the budget, the Board may want to lessen the impact by having the addition be later in the year.

Trustee Liss asked if there is a credit charge fee charged for the on-line registration of Parks and Recreation programs. Parks and Recreation Director John Safstrom responded that registration fees were previously increased to off-set the credit card charge.

A suggestion was made to eliminate the \$6,000 Wellness program since insurance companies provide a considerable amount of wellness information. Administrator Hofland also stated that insurance companies are being required to provide Wellness programs as a result of Federal action.

Trustee Harbeck questioned if the previously requested “across the Board” cuts were ever completed by Staff. Administrator Hofland stated Staff did create a list.

The budget document needs to be updated with the expenses and revenues being received regarding Crossing Guards services to the School District.

Trustee Rieck thanked Staff for all of their hard work on the 2012 Budget. He stated that no matter how the Police Officer issue this turns out, a lot of effort has gone into this budget and staff has done an excellent job maintaining services without a tax rate increase.

It was the consensus of the Board to continue the Budget Workshop to another meeting for review of the inclusion of funding the Police Officer position in the 2012 budget and other adjustment that may be necessary as a result of that addition.

Clerk Dylak reviewed meeting continuation date options.

Motion by Trustee Grant, seconded by Trustee Meinecke, to adjourn the Committee of the Whole to Thursday, October 20, 2011 at 6:00 p.m.
Approved unanimously.