

VILLAGE OF GRAFTON

PUBLIC HEARING BEFORE THE VILLAGE BOARD

OCTOBER 26, 2011

The public hearing was called to order at 6:00 p.m. by President Jim Brunnquell.

Village Board members present: Jim Grant, Dave Antoine, Richard Rieck, Sue Meinecke, David Liss, Lisa Harbeck and Jim Brunnquell

Staff/Officials present: Village Administrator Darrell Hofland, Finance Director Paul Styduhar, Village Clerk Teri Dylak, Parks and Recreation Director John Safstrom, Building Inspector Tom Johnson, Director of Public Works/Village Engineer Dave Murphy, Police Chief Charles Wenten, Library Director John Hanson, and Director of Planning and Development Michael Rambousek

Statement of public notice was given by Village Clerk Teri Dylak.

The purpose of this public hearing is for public review and comment on the 2012 Village of Grafton Annual Program Budget.

Village Administrator Darrell Hofland identified that, at the direction of the Village Board at the October 20 Budget Workshop II, the replacement Police Officer has been added to the budget with a nine month hiring timeline.

Administrator Darrell Hofland summarized the 2012 budget. He outlined the various categories of the budget and highlighted the Village's goals and objectives for 2012 and how they relate to the Areas of Emphasis.

Administrator Hofland indicated that the Wisconsin Department of Revenue allows the Village to increase its expenditures based on the Village's property tax base growth and the Consumer Price Index of 3.8 percent. For 2012, the Village is allowed a 4.1 percent increase in expenditures. The Executive 2012 Budget expenditure increase is at 0.07 percent.

In addition to the expenditure restraint component, Village staff worked within the Village self-imposed restraint to maintain a minimum 25 percent fund balance, and to limit the use of applied fund balance to no more than 5 percent. The 2011 Budget utilized 7 percent of applied fund balance. The 2012 Budget uses approximately 3.6 percent of applied fund balance. The 2012 Executive Budget does maintain a 26 percent fund balance for unanticipated expenditures and to maintain the Village's excellent credit rating with Moody's Credit Services.

Administrator Hofland identified the major funds included in the 2012 program budget. The total tax levy needed for the 2012 budget is \$7,131,878. This is a 2.74 percent increase over the 2011 levy amount of \$6,941,344. The 2012 increase in tax levy of \$190,534 is all from new construction. There is no increase in the assessed tax rate of \$6.44 per \$1,000 of assessed valuation for 2012.

Administrator Hofland summarized the 2012 anticipated General Fund Revenues. Revenues included in the budget are: property tax levy, cable franchise fees, other charges for services, and the recently approved recycling fee. The Village will experience a decrease in revenues for Stated Shared Revenue, Transportation Aids, and Interest Income and a small amount of fund balance.

Administrator Hofland identified that Village staff has been very conservative in their spending over the years. This has resulted in funds remaining at the end of the year that are returned to the fund balance.

Significant changes to the 2012 budget were reviewed. Administrator Hofland stated 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. Although Utility Staff salaries and benefits appear in the General Fund, the Utility will be reimbursing the General Fund for these expenses.

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

The Special Revenue Funds were briefly reviewed. This category includes the following funds: Library, Environmental, Aquatics, Recreation, Cable Television, Room Tax, Park and Open Space, Park and Recreational Facilities, Revolving Loan and Woodlawn Cemetery.

There is a \$20,000 increase in the Contingency account 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 part-time Inspectors and office staff assistance.

Other significant expenditure changes include: four elections, an increase in salt, additional line striping, an increase in the sanitation/recycling contract, an increase in utilities for the Municipal Services Facility, and the filling of bulk oil tanks, and an increase in fuel costs. 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. In 8 years, the Village's debt, assuming no new debt is issued, will be 50 percent less than the current outstanding debt amount.

Administrator Hofland highlighted the Capital Projects and Equipment Fund purchases anticipated in 2012. He also reviewed the projects for TID #3 and TID #4. He indicated that no funds will be expended in either of the districts unless there is a viable project in place.

President Brunquell identified that the budget document was discussed at length at the staff level and by the Village Board at the October 15 and October 20 Budget Workshops. The

Village Board is scheduled to take final action on the 2012 Budget at the November 7 Board meeting.

Alan Kletti, 1134 Brookside Drive and Ozaukee County Board Supervisor, informed the Board that the Ozaukee County Board will hold its 2012 Budget public hearing on Monday, October 31. Mr. Kletti questioned if Village employee contributions to health insurance are similar to the contributions being paid by County employees. Administrator Hofland responded yes, that Village employees, with the exception of sworn Police Officers and Teamsters, will be making a 12 percent contribution towards their health insurance coverage in 2012. Administrator Hofland also stated that non-represented employees are already paying one-half of their Wisconsin Retirement System pension contributions.

Mr. Kletti questioned the new recycling charge being implemented.

Director of Public Works / Village Engineer Dave Murphy stated that a single family property owner will see a \$34.80 charge on the tax bill received in December. The charge is listed as a special fee and will be a separate line item on the tax bill. The fee is based on number of residential units and only applies to those residents who are part of the garbage/recycling contract. Three family and over as well as industrial and commercial customers already pay for their pickup and are not part of the contracted service through the Village.

Mr. Kletti commented that residents are already paying for garbage and recycling and is concerned that they will be paying an additional fee. Director Murphy responded that the recycling portion of the contract is being separated and only the garbage portion is included in the levy. He identified that the only increase in the bill is for the recycling fee, the Village tax portion of the bill will remain constant.

Mr. Kletti commented on a recent article in the News Graphic, which referenced a 2.74 percent increase for Village of Grafton residents. He stated that the headline of the article was somewhat deceiving. Administrator Hofland stated that the article was accurate and the levy did increase by 2.74 percent; however, there is no impact on the tax rate which will remain the same as last year.

Mr. Kletti stated that staff did a good job in preparing the budget and maintaining the tax rate.

Trustee Rieck stated that a number of items that Chief Wenten identified in order to fund the replacement Officer are one-year savings items. Unfortunately, the costs of this position will be ongoing. Trustee Rieck questioned the amount of overtime that is being placed in the budget as a result of the anticipated hire. Chief Wenten responded that \$72,000 is included in the 2012 budget for the nine month hiring, down from \$87,000 for a full year position.

President Brunquell request input from the Board on the inclusion of the replacement Officer in the budget to provide Staff with direction for the final document that will be presented to the Village Board for action on November 7.

The Board continued discussion on the Police Officer position. Several members identified that they are in favor of replacing the Officer and think this position is needed to meet the

safety needs of the community. If necessary, they would be willing to look at eliminating the position in the future.

President Brunnuell reiterated that the long term impact of adding this position back into the budget must be considered. The decisions made now will impact future budgets. The 2013 budget increase allowance will be based on what is on the tax roll as of January 1, 2012. Unfortunately, there has not been a significant amount of new growth in 2011 to provide any significant increase allowance in the 2012 tax base. In addition, the \$303,381 of applied fund balance that is being used in 2012 will not be available in 2013. This may require a significant sacrifice of services and/or personnel in 2013. It is no longer "business as usual".

Trustee Grant stated that it may come down to prioritizing what is in the best interest of the community. Things such as ball diamonds, tennis courts, parks, and streets are important to a community; however, public safety is a necessary component for community well being.

President Brunnuell reminded the Board that Parks are not part of the General Fund and do not impact the General Fund tax levy.

Discussion occurred regarding capital projects and capital equipment. Administrator Hofland reminded the members that the Village has 5 year capital project and equipment plans in place. This provide for a more even expenditure cycle for new projects and new and replacement equipment.

Director Murphy commented that projects and equipment are identified on a need basis and when the timeline to complete a project or purchase a piece of equipment is delayed, it causes other projects and equipment to be delayed.

Trustee Grant commented that Staff may have to look at other ways to obtain equipment and/or complete projects. Director Murphy identified that he has previously look at leasing equipment; however, the cost is usually more than the purchase price. He also stated that not replacing equipment in a timely manner can create additional problems such as down time of equipment and staff and eventually higher maintenance costs.

Trustee Grant also commented that it may be a situation where the number of Public Works staff needed to perform certain jobs has to be looked at. Perhaps the Department does not need as many staff members to get jobs completed.

The inclusion of \$80,000 for tennis court replacement was discussed. Administrator Hofland reminded the Board that this line item is in the Capital Projects Fund portion of the budget and has no impact on the tax levy.

Trustee Grant stated that, similar to 2011, the 2012 Budget will need to be reviewed on a regular basis to determine if adjustments will need to be made throughout the year.

President Brunnuell agreed and stated that the Village Board and Staff started working on the 2012 Budget in March. Unfortunately the only change made in 2011/2012 is the shifting of the recycling costs to a user fee.

Trustee Meinecke suggested that the Board consider the creation of a Budget Sub-Committee to look at expenditure adjustments for the 2013 Budget.

President Brunnuell again stated that it is going to be extremely difficult to come up with \$250,000 in cuts for the 2013 Budget without cutting services and/or personnel. We can reduce the levy being applied to Capital Projects, Capital Equipment and Environmental Funds; however, eventually those funds will no longer be viable. He questioned when the Environmental Fund would be depleted if there is a continued decrease in funds. Administrator Hofland responded 2015.

Director Murphy added that the Village may be able to eliminate the west plume testing by 2015. The testing at Lime Kiln Park is estimated at approximately \$30,000 per year.

Administrator Hofland stated that, in 2013, the Budget will reflect the Wisconsin Retirement System and additional health insurance contributions for Teamsters employees.

The contingency account was briefly discussed. Administrator Hofland again identified that the \$20,000 increase in the Contingency account is in the event there is an increase in the demand for Inspection services in 2012. The increased need for staff could occur with new construction and/or the anticipated contract with the Village of Saukville for Inspection services. He also stated that the General Fund budget is \$8.5 million dollars and there is only \$50,000 in contingency. Previous budgets included up to \$70,000 in this fund and the last several years the amount was dropped to \$30,000. To date in 2011, no contingency funds been requested by Village Staff.

President Brunnuell questioned if the Village eliminates the \$80,000 designated for the replacement tennis courts if these funds could be added to the General Fund's fund balance. He asked Parks and Recreation Director John Safstrom if his Department has received any complaints regarding the lack of tennis courts on the north side of Grafton. Director Safstrom responded no.

Finance Director Paul Styduhar informed the Board that placing the \$80,000 in the General Fund may have an effect on the 2013 budget limits. He indicated that he would adjust the budget funds to make the transfer of the \$80,000 to the General Fund fund balance work.

It was the consensus of the Board that the replacement tennis courts were not a necessary expense and the \$80,000 should be added to the General Fund fund balance to help offset the 2013 anticipated shortfall.

Trustee Grant expressed hope that there will be continued cooperation for shared services and/or equipment with surrounding communities. This cooperation could provide the Village with additional cost saving measures.

President Brunnuell commented that the more we can save and adjust in the upcoming budget the easier the 2013 Budget will be. Administrator Hofland identified that, over the years, Departments have been very conservative in their revenue estimates which will likely be helpful in the upcoming budget cycle.

Trustee Harbeck questioned the fee to the Library for the cable access channel. She expressed concern that the Library is paying \$800 and the Village is paying only \$300.

Administrator Hofland responded that on Feb 16, 2012, the current cable TV franchise with Time Warner will expire. Wisconsin communities are no longer allowed to have individual franchise contracts with cable providers. The providers are required to be on a statewide contract. When the contract current expires, the Village will be charged for internet service and the local access channels. The Library receives the majority of its internet service through the T-1 line utilized by the Eastern Shores Library System. In addition, the Library has internet service between the Library and Village Hall which allows Library Staff to access the public drive used by all departments. Administrator Hofland identified that he is recommending the Library pay a portion of the connection with Village Hall since both buildings benefit from the connection.

The inter-building connection also allows staff to update the cable access channel from Village Hall, even though the actual module is housed at the Library. After limited discussion, it was determined that the Village portion of the costs should be higher since there is more benefit to the Village than the Library.

President Brunnuell reminded the Board that the Library is co-funded by the Town of Grafton. The Village is better off with the current formula because the town pays based on Village expenditures.

Alan Kletti questioned if the Village has a vehicle depreciation plan in place. Administrator Hofland responded that the Village's Capital Equipment Plan is similar in that it provides for replacement of equipment over time.

Mr. Kletti also questioned how discussions are coming along on joint services between the Village of Grafton and the City of Cedarburg. President Brunnuell responded that there are already a number of shared items and services in place; however, both communities are always looking for additional ways to save money through cooperative efforts. The next meeting of the Joint Executive Committee will be held on Tuesday, November 22, at 6:00 p.m. at Grafton Village Hall.

President Brunnuell questioned what the fund balance percentage will be with the addition of the \$80,000 previously allocated for the tennis courts. Finance Director Styduhar responded approximately 27 percent.

President Brunnuell reiterated that adding the Police Officer is not just a one year expense. He wants the Board to be sure they understand the impact of this decision.

Trustee Rieck commented that he does not want to sacrifice existing staff to hire the Police Officer. He wants it made clear that if it is determined the only way to make the 2013 Budget work is to lose staff; the new Police Officer would be first position to be eliminated.

Trustee Antoine agreed and also requested that Chief Wenten inform candidates for the Police Officer position that this scenario is a possibility.

Trustee Harbeck commented that while she understands the need for public safety, she would rather see a six month hiring instead of nine months. Chief Wenten commented that a six month hiring will not provide an Officer on the road until 2013.

The amount of overtime allowed per officer was discussed. Chief Wenten indicated that when possible, he prefers that an Officer not work more than a 12 hour day.

Several Board members questioned if it is likely that the represented Police Officers will be willing to make the Act 10 contributions on retirement and health insurance being required of non-represented staff. Trustee Harbeck stated that perhaps this group would be willing to make this concession in order to get an additional Officer.

Chief Wenten stated that negotiations are beginning on the new contract; however, he is not willing to say whether or not the group will be amenable to make the Act 10 concessions.

President Brunnuell polled members regarding the timeline for the inclusion of the replacement Police Officer in the 2012 Budget. It was the consensus of the majority of the members to include the position for a nine month hiring.

President Brunnuell commented that the Village has to maintain a General Fund minimum 25 percent fund balance. The 2013 Budget may require significant program or personnel changes to make that occur. The Board needs to remember that we have put ourselves in a difficult position to start the 2013 Budget process and hard decisions will need to be made in the future.

There being no further discussion on the 2012 Annual Program Budget, President Brunnuell closed the public hearing at 7:28 p.m.