

Village of Elm Grove
Finance and Licensing
Budget Workshop
October 27, 2016

Present: George Haas, Pat Kressin, Patty Kujawa, Glen Porter, and Glenn Schrubbe
Also Present: Monica Hughes, Dave De Angelis, Tom Harrigan, Mary Stredni

Mr. Haas called the meeting to order at 7:00 pm.

Discussion of Proposed 2017 Budget

General

Monica Hughes updated the committee that the expenditure restraint limit will be announced within the next few days and that the village will most likely need to reduce overall expenditures by \$10,500 to stay below the projected limit of 1.5%. Staff recommendation is to reduce contingency in the general fund and also reduce the estimated fund balance being used. We are within the tax levy limits and staff recommendation is to use fund balance and not reduce the levy which could restrain the village more in future years. Committee supported this reduction if needed.

Sewer

Monica Hughes reported on the sewer fund. The proposed residential user fee is \$304.16 as compared to \$303.96 last year. The largest expense is the capital charge owed to MMSD which is projected at \$1,587,300 down slightly from 2016 and from what MMSD had projected for 2017. Also noted was that there will be no debt payment in 2017 as payoff of the outstanding obligation is complete. This reduction allows the village to reduce the levy from \$1,500,000 to \$1,425,000, maintain a stable user fee, and increase the fund balance in this sewer fund to be prepared for future project needs. The village continues to participate in the MMSD PPII project with available MMSD funding. Funds are allocated by MMSD annually and are carried forward if a municipality does not use in one year. The village is currently developing project plan to televise two additional areas of the village and determine repair needs. The project will be planned and staged to use only available funding. This program is supported by MMSD on a reimbursement basis.

Stormwater

This fund was set up when the village undertook the large stormwater project. At that time a stormwater utility fee was put in place to finance the debt obligations and other village stormwater work. The fund is partially supported by tax levy dollars. The fee will increase slightly from \$129.04 to \$130.32. The debt obligation supported by this fund for 2017 is \$380,720. The 2017 budget also includes expenditures of \$150,000 for the design of the creek daylighting. The budget reflects the grant funding of \$150,000 for which the village has received commitments thus there is no tax levy effect on the budget. This project will move forward under the direction of the village procedures and approval processes.

Debt Fund

Monica Hughes discussed the debt fund. This fund includes the village expenditure obligations for bonds and long term notes and the funding resources to support these payments. It was noted that no taxes are levied for debt payments. Currently the only outstanding obligation is for the stormwater project which is supported by the stormwater utility fee and the TIF increment generated. The balance

remaining at the end of 2016 will be \$7,840,000 which represent .71% of the village's equalized value well below the state limit of 5%. The other small obligation is a note to Waukesha County at 0% interest for the communication system infrastructure. The annual payment is \$2918. It was noted in the discussion that the TIF increment generated in 2017 will be sufficient to pay its share of the debt obligation but that in future years if there is no new growth or increased property values the increment will be less than the obligations. If this happens the village will need to meet the obligation. It was pointed out that the original debt payment schedule projected increased growth and was structured for increased payment amounts supported by the TIF in future years. This growth has not happened. The TIF has generated an increment from some newer properties, Watermark Condominiums, Town Bank, and Autumn Grove; but has not seen development within the district that was projected during the stormwater/flood management project. The increment generated by the Heritage is supporting village funding for that project, mainly the water system, and funds agreed to be reimbursed to the developer under their agreement. It was noted that the Reinders properties have seen a decrease in value since the TIF was created thus adversely affecting the TIF increment. The committee acknowledged as the village moves forward with this possible development, consideration should be given to providing for the original TIF also.

TIF

The discussion then moved to further discussion of the TIF fund. Included in the budget is the combined summary of both the original TIF and the amendment for the Heritage. Also included is a breakdown of each portion's revenues, expenditures and estimated payback of advances for 2017. Monica Hughes noted that 2017 general increment includes a correction for last year due to assessment values being filed incorrectly. This is a result of estimates being submitted due to the late timing of the village's assessment finalization and board of review. The state process provides for a correction the following year. This results in a doubling up of increment on the error that will then be eliminated the following year. This is important to note because the village is seeing additional revenue in 2017 that will be reduced in 2018. The Heritage project is generating an increment to payback the advancement from the general fund at \$75,000 per year plus 3% increment. The additional increment generated then is used to pay the developer for the PayGo obligation. This TIF amendment was created specifically on the added value of this development and the current payment schedule supports payback of obligations to be completed in 2027. The general obligation debt, supported by the original TIF, will be paid in 2025. The TIF life is through 2031 thus the final year's increments could be available for payback of funds advanced.

Capital Fund

The capital fund was also discussed. It was noted that since the first draft a number of changes have been made to budget. The public works department had requested a truck with swap attachments in 2017 and that purchase has been postponed until 2018. Also an excavator was proposed for 2021 and that item has been moved to 2022. The EMS department has included an ambulance which was originally included at a cost of \$155,000 for purchase in 2020. That cost has been increased to \$225,000; per the request of EMS director, Jon Robinson, and confirmation from the Horton Company, which would be the cost to replace our current Horton ambulance. The purchase has also been moved to 2021. The committee also noted that there was no splash pad included and questioned how and when the village could build the splash pad. The recreation committee and village board have supported moving forward. Mr. De Angelis stated that there were no funds budgeted and that there really is no available funding in this year's budget support the splash pad. The village will be looking to community support for this enhancement to our pool area. Mr. Kressin also indicated that he felt it is important for the village to consider bringing municipal water to the village grounds for use with the

splash pad. The village's hard water and high iron content would adversely affect the pad operation and appearance. The village will continue to identify its design options, needs, requirements and funding options for the splash pad.

General

Monica Hughes summarized the contingency status again and indicated that if confirmation is received from the Department of Revenue that we need to decrease the expenditures to meet the restraint program that contingency and planned fund balance usage will be reduced. The committee supported this plan. The budget will be on the next finance meeting agenda in November for recommendation to the board for approval. It will also be on the board agenda for approval that evening with public comment scheduled. The budget is available at village hall for public review during these next weeks and is also on the web-site.

Adjournment

Mr. Porter and Mr. Kressin moved and seconded to adjourn the meeting at 7:46pm. Motion carried 5-0.

Respectfully,
Monica L. Hughes