

VILLAGE OF ELM GROVE

13600 Juneau Boulevard
Elm Grove, WI 53122

FINANCE COMMITTEE

Thursday October 5, 2023 * 6:30 PM * Park View Room

AGENDA

1. **Call meeting to order.**
2. **Review and discussion of 2024 draft budget and 2024-2028 capital budget**
[2024 Budget Draft 10.1.23](#)

Documents:

[*2024 budget workshop schedule.pdf*](#)
[*memo 10.1.23 draft.pdf*](#)

3. **Other Business**
4. **Adjournment**

Any person who has a qualifying disability as defined by the Americans with Disabilities Act who requires that the meeting or materials for the meeting has to be in an accessible location or format must contact the Village Clerk at 262-782-6700 or 13600 Juneau Boulevard by 3:00 PM Friday prior to the meeting so that any necessary arrangements can be made to accommodate your request.

NOTICE: It is possible that members of, and possibly a quorum of, other governmental bodies of the Village may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to in the above notice

**Village of Elm Grove
Schedule of 2024 Budget Workshops**

Below is a proposed schedule of the Finance Committee's upcoming budget workshop meetings for the committee's review and planning. This schedule is similar to past years.

5 Year Capital and Transportation Fund Budget Discussion

Thursday Morning August 24, 2023

7:30am

Operating Budget Workshops

Thursday Meeting #1 October 5, 2023

6:30 pm

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General Information	1-13	Public Works	31-32
General Govt Revenue	14-16	Solid Waste	33-34
General Govt Expenditures	17-20	Forestry	35-36
Inspections	21	Capital	72-79

Thursday Meeting #2 October 12, 2023

6:30 pm

EMS	45-46	Library	41-44
Fire	29-30	Library Gift	65-66
Court	22-23	Contingency	40
Dispatch	24-25	Capital	72-79
Police	26-28		
Recreation	37-39		

Thursday Meeting #3 October 19, 2023

6:30 pm

Sewer	47-49	Donations	67-68
Stormwater	50-52	ARPA Fund	69-71
Debt	53-56	Capital	72-79
Transportation	57-58		
TIF # 2	59-62		
TIF # 3	63-64		

October 24th – Tuesday- regular Finance Meeting

Possible- First week of November

6:30 pm

- Review of Health Insurance Renewal and impact
- Review Additional Information – Expenditure Restraint %
- Final Adjustments

November 28th Tuesday

7:30pm

- Public Hearing and Village Board Meeting

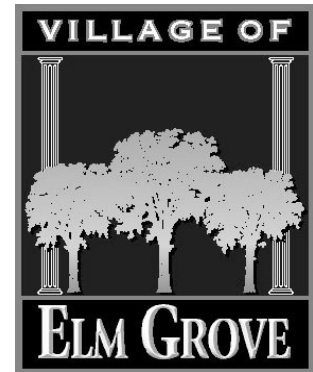
MEMO:

September 29, 2023

To: Village Trustees, Finance Committee

From: Monica Hughes, Finance Director
Tom Harrigan, Village Manager

RE: Village of Elm Grove 2024 Budget



Attached is a draft of the 2024 operating budget and capital budget for the years 2024-2028 for review and discussion at the October budget workshops. The state has continued to impose levy limits for local municipalities for 2024. The allowable increase is based on the percentage of net new construction value for the municipality plus a number of adjusting factors. The 2023 levy increase using the Village's net new construction will allow a levy increase of \$66,510. Levies for debt obligations are outside of the levy limits making the total levy increase allowed \$153,317 or 2.04%. The current proposed budget includes a levy increase of \$317,151 or 4.23%. The Village is forced to operate in a world of increasing costs but limited to increasing its major revenue source by less than 2%. The state uses the CPI for determining if a municipality meets the expenditure restraint program and is eligible for aid but then limits the levy. During the upcoming meetings the finance committee will need to consider the current budget and operations and determine how to bring this budget into compliance.

The budget supports current operations including funding for EMS and Fire Paid on Call which was increased for 2023. The Village currently has an Ad Hoc committee studying options for these departments both in the long and short term. The Village operates with a paid on call Fire & EMS departments and like all other municipalities with this service arrangement, it is struggling to find volunteers to join their service. The EMS department is currently relying on a very small core group of individuals to cover the calls, especially during the daytime hours. Both departments have increased the pay system to incentivize more members. The operations budgets for these 2 department will total \$954,000 in 2024.

Other changes to this budget compared to previous years are the inclusion of an additional police officer and increases to library staff wages to bring these wages to the comparable rates offered in our area. Currently the library staff rates are substantially under the market. The library has also requested 2 additional full-time and 1 part-time employee, but these have not been included in the current budget. After preliminary discussions with the Library Director, the intention moving forward is to fill existing position vacancies and to re-evaluate service level needs in the future.

As demonstrated below the following change in tax levy dollars are included in this draft:

Change in Tax Levy by fund	
General Fund	155,160
Library	(665)
EMS	62,400
Debt Service	77,256
5 Year Capital Fund	23,000
Transportation Fund	-
Sewer	-
Stormwater	-
total increase	317,151

The biggest factors contributing to the tax increase are increased EMS paid on call wages, contingency of \$250,000 as compared to \$100,000 in the prior budget. No employee wage increases have been included at this point. When the Village Board approves any wage increases for 2024 this contingency is available to support the increase.

Major areas effecting levy

EMS Paid on Call	73,000
Capital Project funding increase	23,000
General Fund contingency increase	150,000
Debt service for Gebhardt Road project (not limited by levy)	80,256
Additional tax levy required	<u>326,256</u>

The current proposed levy would be a tax increase to the average homeowner of \$133.00. The budget includes user fees for sewer, stormwater, and garbage/recycling as in years past. The proposed fees would be \$1,138.18 up from \$1,127.35 over the prior year, a \$10.83 increase. The user fees cost per resident is then \$94.85 per month for the 3 services in total. A homeowner in the average single family residence valued at \$591,200 would see an increase total bill of \$143.83 for Village of Elm Grove taxes and services.

Following is a list of highlighted points for each area of the budget. We believe these will assist you in understanding the major components of each area and provide a basis for discussion and consideration as the committee reviews this budget with each department at the upcoming workshops.

2024 Budget Points – 10/1/23 draft

Tax and Property Information

- Tax Levy = \$7,814,391
- tax levy increase \$317,151 or 4.23% over 2022
- Currently over state tax levy limit by \$163,834
- Tax rate = \$5.5529 an increase from the 2022 rate of \$5.378
- Total assessed value (w TID) \$1,455,767,900
- Total Equalized value (w TID) \$1,611,607,000
- Assessed value increase of 1.35% over 2022, equalized value increased 8.82%
- Assessed value is 90.33% of equalized value
- Net new construction was \$13,608,700 and provided a levy increase of .92 % or \$66,510
- Allowable levy increase per state including adjustments is \$153,317—which includes \$77,256 for debt service on new STFL issued in 2023 for additional daylighting costs to purchase property from Beans, Beans LLC and Gebhardt Road and pathway project
- Expenditure restraint growth limited by state is estimated at \$575,505 or 5.9%. Current budget over limit by \$125,890
- Average residential single family home = \$591,200 as compared to 2022 value of \$585,700 (assessor provided after board of review)
- Sewer levy is \$348,000, unchanged from 2022 levy
- Transportation fund included- \$550,000 levied to support

User Fees

- Total residential user fee = \$1,138.18 or \$94.85 per month
- Increase of \$10.83
- Includes sewer \$646.00, stormwater \$139.73, garbage/recycling \$352.45
- Summary below

<u>User Fees</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Sewer	\$646.00	\$632.00	\$558.50
stormwater	\$139.73	\$138.35	\$136.98
Garbage/recycling	\$352.45	\$357.00	\$316.70
total	\$1138.18	\$1127.35	\$1012.18

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Budget

- Total budgeted expenditures = \$20,254,457 (net of transfers) , budget includes project costs of \$4,500,000 for daylighting and transportation expenses of \$1,266,394,
- Operating expenditures increased 7.55 % or \$808,410 which includes an increase in the general fund of \$617,660
- The sewer fund will transfer \$100,000 to stormwater fund from savings available from opting out of MMSD green infrastructure program.
- General fund budget = \$8,054,945 increase of \$617,660 or 8.3%
- Includes general fund contingency of \$250,000
- General fund includes use of fund balances of \$150,000
- Sewer includes increase to fund balance of \$25,000
- Interest revenue budgeted at 5%
- Gasoline budgeted at \$4.00 per gallon. Current year to date average cost = \$3.34 per gallon. . Total gallons budgeted 21,500 gallons
- Fire and EMS operations budgets together total \$954,070

Wages and Benefits

- 2024 healthcare includes an estimated increase of 10% to current year with current provider – United Healthcare. Expect to have renewal by end of October
- Budget includes HRA expense of \$150,000
- 0% wage increases budgeted – reason for additional contingency
- 1% wage increase approximately \$50,000 plus WRS and FICA
- Employee contributions to WRS budgeted at \$277,450
- General employee WRS rate for 2024 =13.80% Employees pay 6.90%
- Public safety = 21.28% for public safety officers
- Total wages budgeted \$4,927,386
- Total wages and benefits budgeted \$6,626,050
- Includes wage costs for additional police officer- approximately \$135,000 with family insurance
- Substantial increases to wage rates for recreation employees given in 2023 and budgeted for in 2024. Due to open recreation manager position in 2023 cost increases were absorbed by 2023 budget
- Includes proposed increases to current library staff wages for market adjustments from library director and library board

Revenue

- Shared revenue increased by \$177,157
- Village will see a loss of \$58,120 in expenditure restraint revenue in 2024 due to our lower equalized tax rate. This was created by an equalized tax base increase of 15.87% in 2022 compared to levy increase of .71%

1. Village will probably not qualify in 2025 due to expected equalized tax rate dropping below program minimum of \$5 per \$1,000 in value
 2. Due to state legislative ruling all communities will receive the same funding in 2025 as 2024. So even while not qualifying the Village will receive funding to match 2024.
 3. Future years will depend on any program changes and Village meeting qualifications.
- Permits- estimated revenue in 2023 includes \$210,00 in permit revenue from Mandel and corresponding expense at 85% (commercial property rate)
 1. Permits are currently in process and more specific estimates should be available in within next month.
 2. Filing of permits and related expense in 2023 will most likely create general fund expenditures in excess of the current budget.
 3. A budget amendment will need to be approved. The village has the ability to amend the budget and still meet the current year expenditure restraint limit as the current budget was substantially below the limit for 2023
 4. The amendment would amend both the revenue and expenditure so would not negatively affect village funds
 - Garbage/Recycling fees- The Village contracts with Johns Disposal for service
 1. The residential fee will increase 3.5% per the contract
 2. The Village received a recycling rebate from Waukesha County in 2023 and it is expected again in 2024. This funding was used to reduce the residential fees to users

Library

- Library budget includes market wage rate adjustments for current employees and hours.
- Library pay rates substantially under other comparable libraries
- The library has heard from recent employees resigning and potential current applicants for open positions that the current wage rate is a major factor to them
- The library recently reduced their hours due to staff shortages
- The market increases reflect a \$38,000 change to the wage and benefits for the library
- The increases are being funded by available funds in the library for the past 2 years of unspent funds
- The library would like to add 2 new full-time positions and 1 part-time position. These positions are not currently included in the budget. Positions designed- 1 full-time and ½ part-time librarian position and 1 full-time library assistant

EMS

- EMS again funds the increased Paid on Call including the change made as of 6/1/23 increasing the rates paid for crew shifts
- 2023 pay increases were funded by \$100,000 of ARPA grant funding the department received.
- In 2022 the general fund had excess funds available at year end and \$100,000 was transferred to EMS to help fund future years on call pay

- Those funds will be used to support 2024 Paid on Call- future years will need to be funded with current dollars
- The operations budget for EMS services in 2024 will be \$590,150

Sewer

- Sewer capital charge paid to MMSD = \$1,313,000
- \$348,000 of levy for sewer capital charge
- Additional capital charge is recovered through user fees
- Budget includes payment to Wauwatosa for sewer work at 124th of \$150,000.
- Also includes \$28,800 each for televising and cleaning of sewer lines as DPW tries to plan for future maintenance needed ahead of problems and increased road work
- Current budget includes \$25,000 additional funds to rebuild balance
- The village elected in 2017 to opt out of the MMSD green infrastructure program which reduces our capital fee.
- Includes a transfer of \$100,000 to the stormwater fund to be used for future green infrastructure projects.

Stormwater

- Stormwater fund assesses an annual fee to all property owners.
- The fee will increase by 1% in 2024 as per the schedule to \$138.35 per REU(residential equivalency unit)
- Expected revenue from the 2024 fees is \$470,470
- The fund pays part of the cost of debt issued in 2005 for the flood management project
- Final payment of that debt will be in 2025
- In 2026 it is planned for \$184,000 of this fee to be transferred to TID 2 to help fund the creek daylighting
- The remainder of the fee will be available for stormwater projects
- The fund should develop a fund balance to support large project- currently it has not had available funding to plan for future large projects
- Consideration should also be given to using some of the annual fee for contracted stormwater work in conjunction with street paving as the Village addresses more annual paving. Current DPW staffing will not have the ability to do all the necessary work.

Debt

- Total debt payments = \$1,261,782
- Debt payment \$878,393 attributed to stormwater management plan and being paid by stormwater user fees and TIF increment generated from original area

- Advance to TIF for debt payments is \$850,000. This will be paid back after final debt payments beginning in 2031. Interest is paid at rate equal to LGIP average rate for the year. Currently budgeted at 5%
- Budget includes recommendation to transfer interest earnings for both 2023 and 2024 estimated at \$40,000 each year to the transportation fund.
- Debt payment of \$268,691 funded through tax levy.

Capital

- Total capital projects budgeted for 2024 = \$956,985 plus an additional \$50,000 in funding for future fire truck replacement
- A change since the initial capital budget review is the increase in squad costs of \$5000 per vehicle to cover cost of changeovers, totaling \$40,000
- The replacement of HVAC unit in the server room was removed as the project was done this past month.
- Total tax levy required by current budget is \$601,000 as compared to \$578,000 in 2022 and increase of \$23,000
- Capital budget includes cost increases to many items reflecting current market conditions
- A number of police items were removed as the industry standard moves to leasing of equipment which will allow the Village to have up-to-date equipment and consolidate software platforms being maintained. These cost will need to be funded annually in the operations budget.
- The 2024 operations budget includes annual costs of 6 FLOCK cameras, but other projects will not be transitioned until 2025-2026
- The recreation budget includes a number of items requested by the committee to be included in 2024 totaling \$100,000. These items were all put into the capital budget this year for 2024 instead of the 5 year program resulting in tax levy dollars of \$100,000 being needed.

Transportation Fund

- The current year project was the rebuilding of Gebhardt Road including a pathway and redesign of intersection at Highland
- Total project costs were \$1,300,000 as approved by referendum vote
- Village borrowed \$1,000,000 from the State Trust Fund Loan program to partially fund this project and allow funds to be carried over to 2024 in anticipation of larger paving projects and possible pathway.
- 2024 projects currently include a pathway on Highland from North Ave to Gebhardt- the current estimated cost is \$730,000 and road repaving of \$800,000- specific roads to be determined as public works considers most recent road rating and evaluations.
- Current levy for the fund is \$550,000
- The Village also will be receiving \$30,000 in LRIP funding for last year's Watertown Plank Project.

- Interest earnings on debt service funds advanced to the TIF are being shown as revenue in the budget for both this year and 2024. These are funds earned above what was budgeted in 2023 and with the Village's emphasis on its transportation infrastructure this is being recommended by staff to provide more funding with additional levy dollars or borrowing.
- It is anticipated that the general fund will also have substantial interest earnings in 2023 above budget due to the current investment market. Staff would also recommend consideration of transferring available funding from general fund to transportation fund to provide additional dollars.

ARPA Funding

- There are 2 ARPA fund budgets included- one for general funds received by the Village and a second budget for the additional EMS grants received by that department.
- Projects identified for this year are being completed; meeting room video updates, security fencing, keyless door system and emergency siren software.
- Other projects approved but remain open at this time as the Village works to obtain quotes and evaluate options are; replacement of phone system, Village hall outdoor lighting, and crosswalk replacement. These projects are now being shown in the 2024 budget.
- The village hall outdoor lighting project is currently at \$155,000 as compared to the budget of \$80,000. This was determined by a quote from contractor we have worked with in the past. We have been unable to get another quote on this large project from other vendors. Two have declined.
- The 2024 budget includes this project at \$160,000 which if done would use all available funding
- The EMS grant funds need to be spent in 2023, the department is using \$100,000 for the increase paid on call program and the remainder is for equipment and uniform purchases.

TID #2

- Positive equalized increment = \$54,417,700 increase of \$11,813,500, or 11%
- Incremental levy generated from MSP/Heritage property will be used to pay back funds advanced for water project and PayGo to MSP – estimated payment of \$78434 in 2024
- Initial area debt payment for 2024 is \$500,891, estimated levy increment generated from area is \$563,685- will be sufficient to cover debt
- Current advancements have come from debt service funds with additional advancements provided by the general fund, and sewer fund. These funds are advanced with interest as was done for water advancement.
- Village amended TID #2 in 2023 to include costs for daylighting the creek in the downtown area and extending the life by an additional 3 years under the state allowance available.
- Project plan amendment prepared by Ehlers used estimated costs of \$4,500,000.
- This project will need referendum approval as it is over \$1,000,000
- Includes issuance of debt and annual transfer of \$184,000 in stormwater fees beginning in 2026
- Ehlers cash flow demonstrated payoff in year 2034.

- Actual annual increment will be dependent on value and tax rate

TID #3

- Created in 2022 to provide assistance for the development of the SSND property
- TID grant to developer of \$8,466,000 due upon occupancy issued to first 2 buildings. Village will issue general obligation debt prior to that point
- Funding of municipal water extension of \$865,845- to fund extension from project west toward Legion Drive- distance limited by \$1,000,000 referendum limit.
- MRO- municipal revenue obligation (PayGo) to developer paid only through positive increment generated by properties after payment of Village obligations for TID grant and water funding.
- 2023 equalized value of increment is \$6,115,100

Other Levies- currently waiting for notification from other taxing entities

- Elmbrook schools- budget includes tax levy increase of %
- WCTC- budget includes tax levy increase of %
- Waukesha County proposed levy increase of %