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Village of Elm Grove
Finance and Licensing
Operating Budget Workshop
October 7, 2020

Present: George Haas, Glenn Schrubbe
Jeff Behring and Martha Kendler participated electronically.
Also Present: Monica Hughes, Dave De Angelis, Richard Paul Jr

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

Dave De Angelis opened the discussion with summary of the proposed budget noting that the current draft requires an increased levy of \$476,000 well above the state limit of \$121,000. Staff prepared the budget as it had in past years with continuing current operations and proposed capital projects as presented in the September meeting. Also included in the summary memo are staff suggestions on how the levy could be reduced to it into compliance with state limits. Providing the budget in this format allows the committee, Village Board, and residents to understand the needs of the Village and what changes are appropriate and acceptable as the draft budget is discussed at the workshops. It was noted that the limit by the state for new construction is \$82,083 which does not cover the cost of wage increases for personnel. Mr. De Angelis also noted that the healthcare for 2021 has been estimated at a 10% increase, we do not yet know the exact number but expect it within the next few weeks. Our broker is optimistic that the renewal will be between 4-8% which is what they have seen in recent renewals. This would provide some saving perhaps up to \$25,000 which would then be incorporated.

Monica Hughes then reviewed the summary pages of the budget noting the levy increase by fund noting the largest change is the general fund and capital fund. The general fund which includes most of the Village personnel costs and also reflects a loss in interest and state aid revenue which then attributes to a levy increase required of \$223,000. The capital project levy required increase \$207,000 from the prior year. The state levy limit calculation was also reviewed noting the \$82,000 increase allowed due to net new construction. The largest costs in the Village operations is for wages and employee benefits which total 5.4 million dollars. The current budget reflects a 2% increase to employee wages and 10% increase to health insurance costs. These changes increased the budget by approximately \$137,400 which is above the state levy limit without changes to any other expense.

General Fund Revenue

Monica Hughes reviewed the revenue sources in the general fund budget. It was noted that the Village has been told by the state that our expenditure restraint funds will decrease \$17,000 in 2021. In recent years the Village saw a large decrease in recycling revenue from \$52,000 in 2018 to \$0 this year and in future. Inspections have been budgeted to reflect the current year activity noting that we contract with Safebuilt for inspections services and pay them a percentage of permit revenue. Increased revenue also generates an increased expense. Fines and forfeitures are down for the 2nd consecutive year which is largely dependent on police staffing. It was noted that as of last week the police department is up to full staff. We are budgeting for increased revenue in 2021. The committee will discuss recreation revenue at next week's workshop. Monica Hughes noted that the biggest change is in commercial revenue reflecting the low interest rates on Village funds. Current year investment earnings are expected to come in below budget due to current economic environment and 2021 earnings are budgeted \$100,000 below the 2020 budget. The other major components of commercial revenue are cable TV franchise fees and cell tower lease.

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General Government Expenditures

Expenditures were reviewed noting main changes came from a reduction in election costs due to 2 2021 elections compared to 4 in 2020 and increases in a number of contracted service areas. Increase in computer, internet, GIS and assessment services are all budgeted. A question arose about the 25% increase in healthcare costs. This is caused by changes in the mix of employees and their coverage. An overall 10% is budgeted for 2021 healthcare but as employee's family situations change the coverage they enroll in changes from single, family and opting out of coverage. There is a substantially higher cost for family coverage.

Inspections

The inspection budget was reviewed noting it reflects the percentage due to Safebuilt based on the budgeted permit revenue. Some historical information on permit numbers is provided on the budget page.

Public Works

Richard Paul, Jr., Public Works Director, presented the public works budget. He noted an increase to winter road maintenance as the past few years the Village has dealt with more snow/ice events. The Village is also using more salt as compared to sand or sand/salt mix used in past years. Brine is also being used and provided good results. Consulting for 2020 is above the budget due to studies being requested by the board and committees not for specific public works projects. The Village has spent less on street light repair than in past years. This is due to less light poles being damaged in traffic incidents or the ability to bill the driver or their insurance company for accident damage. In the past years we have had a number of hit and run incidents. Overall wage and benefit costs are budgeted lower in 2021 due to employee changes with retirement creating a different wage scale and choice of health insurance coverage.

Solid Waste

This budget includes the cost of our contracted services with John's Disposal, the village yard waste facility, brush pickup and mulch delivery. Wages at the yard have been increased to schedule 2 part-time seasonal employees during busier times. Brush pickup costs continue to be high due to the large amount being generated by residents and the Village due to the emerald ash borer. The user fee is set to cover the costs of operation.

Forestry

The only change in the forestry budget is for wages and benefits. Richard Paul Jr. indicated that a large amount of the tree removal and pruning work is done during the winter months by the public works department and forestry. Decisions to treat trees is made by specific tree, location, and size. We have two employees that are certified in the treatments which allows the Village to do this more economically than a homeowner. Also tree planting is planned to try to alleviate large open spaces if it is expected that older mature trees will need to be removed.

Capital

The budget workshops were planned to include the revisiting of department capital requests during the operation budget review. As was noted earlier, staff has identified a number of changes to the capital budget to try and lower the levy. Two of the items that have to do with public works are the postponement of the 2025 Swap Loader 1Ton truck until 2026 and postponement of repaving the DPW facility from 2025 to 2026. Mr. Paul supports both of these changes and will do repairs as needed at the DPW site until repaving can be budgeted. The committee questioned the repaving of the Village Hall

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grounds. Dave De Angelis noted this had already been moved out and increased to reflect the needed project. It is scheduled for two parts during 2023-2024. He noted that the replacement of the outside street lights on the Village grounds has not been moved. The lights are continuing to deteriorate and we don't believe they will last longer. Replacement should be done prior to the repaving so that project remains in 2022.

Other Business

It was noted the operating budget workshop next week will include the public safety departments, recreation and the library. The meeting is scheduled for next week on October 14th at 7pm

Adjournment

George Haas and Glenn Schrubbe moved and seconded to adjourn at 8:10 pm. Motion carried 4-0.

Respectfully,

Monica L. Hughes