

MEMO

October 30, 2020

To: Finance Committee and Village Board

From: Monica Hughes and David De Angelis

RE: 2021 Budget

Attached is the information provided to the finance committee at the October 26th meeting providing additional ideas for possible levy reductions as requested. Also attached is another example of how the needed levy reduction could be made using a number of the suggested changes along with an example of the levy, tax rate, user fees and change to the average homeowner. These are provided for continued discussion at the board's committee of the whole and finance meetings on Wednesday November 4th.

It should be noted that staff has provided a second example on page 3 of changes that could be implemented to reduce the levy but is looking for direction from the board and finance committee on recommendation of desired changes.

Attachments:

- Page 1 Memo provided at finance meeting on 10/26/20
- Page 2 List of possible items for reducing the levy provided at 10/26/20 finance meeting
- Page 3 Example of changes that could be implemented to reach the levy limit
- Page 4 Example of tax levy, user fees and change to average homeowner at reduced levy

Memo provided at Finance Meeting on October 26th with possible items for reducing the levy

MEMO

October 23, 2020

To: Finance Committee and Village Board

From: Monica Hughes and David De Angelis

RE: 2021 Budget

The finance committee met this past Wednesday for the 3rd operating budget workshop. This concludes the review of each individual area of the budget. The draft of the budget includes a tax levy of \$7,659,084 which is \$355,673 above the state levy limit. Staff had identified \$199,000 of changes that could be made to the capital budget to reduce the levy. This was accomplished by moving projects/equipment out into the future, transferring \$50,000 in funds from the debt service and reducing fire truck funding by \$25,000. The committee discussed and was in agreement with the suggestions.

A second proposed change by staff included reducing the sewer levy by \$120,000 and shifting this cost to the sewer user fee. This would increase the user fee to each resident by \$40. The committee discussed this and requested that staff look further at other possible changes noting that many were not comfortable increasing the user charge by that amount without further consideration of other areas.

Attached is a list of items that could be considered for changes to reduce the levy. This list is for the committee's discussion at the Monday finance meeting and the final budget workshop scheduled for November 4, 2020. Staff has identified these items as either financial discretionary policy or operations items or items that could be postponed without too much detriment to the Village operations. It should also be noted that many of these changes would require policy changes by the Village Board based on their prior approvals of these items. It is noted if there is a range of reduction that could be considered or the change creates a specific savings. Staff is providing these for discussion but with no specific recommendation.

The total reduction needed after the capital proposals is \$156,373. The Village is still working on its healthcare renewal which is currently at a 15% increase. This rate is currently under review and negotiations with our Broker, which always also consider plan changes. If a favorable rate is not negotiated, less than 10%, we will go into the market place for additional quotes. The draft budget includes 10% so if a more favorable rate cannot be obtained the additional 5% (\$24,000) would also need to be funded

**Village of Elm Grove
2021 Budget**

Current Proposed Levy Increase	476,986
State Levy Limit	<u>121,313</u>
Reduction required	355,673

proposed capital budget changes (199,300)

Further reduction needed 156,373

Possible Changes			
	Amount	Range	
<u>Sewer Fund</u>			
Reduce sewer levy by \$120,000 and transfer to the user fee	(120,000)	0	120,000
Reduce planned addition to fund balance in the sewer fund by \$100,000	(100,000)	-	100,000
Reduce the repair and maintenance in sewer to 2020 level	(10,000)	-	10,000
<i>\$10,000 change to the user fee increases it \$3.18</i>			
<u>Capital Fund</u>			
Eliminate 2020 funding for future fire trucks	(25,000)	-	25,000
Move DPW storage building from 2022 to 2023	(20,000)	20,000	20,000
Postpone add'l equipment from EMS capital budget for 2nd ambulance	(8,850)	8,850	8,850
Remove pathway funding of \$389,000	(233,400)	-	233,400
<u>General Fund</u>			
Reduce contingency funding	(25,000)	-	25,000
Reduce/eliminate 4th of July funding	(14,000)	-	14,000
Eliminate support for Elmbrook Senior Taxi	(1,620)	-	1,620
Reduce general government dues and membership	(1,000)	-	3,000
Move to consolidate dispatch- total personnel costs budgeted =\$485,950 estimate 50% reduction \$243,000 annual	(243,000)	243,000	243,000
One time cost to join consolidated dispatch	100,000	(100,000)	(100,000)
<u>Library Fund</u>			
Reduce library funding to 3 year average	(18,000)	-	18,000

Example of changes that could be implemented to reach levy limit

Village of Elm Grove 2021 Budget

Current Proposed Levy Increase	476,986
State Levy Limit	121,313
Reduction required	355,673
proposed capital budget changes	(199,300)
Further reduction needed	156,373

Possible Changes	
<u>Sewer Fund</u>	<u>Amount</u>
Reduce sewer levy by \$120,000 and transfer \$60000 to the user fee	(60,000)
Reduce planned addition to fund balance in the sewer fund by \$100,000	(50,000)
Reduce the repair and maintenance in sewer to 2020 level	(10,000)
<u>Capital Fund</u>	
Move DPW storage building from 2022 to 2023	(15,373)
<u>General Fund</u>	
Reduce general government dues and membership	(1,000)
Reduce health insurance from 10% to 6%	(20,000)
	(156,373)

Example of levy and user fees with reduction

Village of Elm Grove

Tax Levy Historical Summary

Levy By Fund	2021	2020	2019
General Fund	4,484,070	4,280,665	4,211,590
Debt Service	187,304	146,813	
5 Year Capital Fund	733,827	741,250	709,500
subtotal	5,405,201	5,168,728	4,921,090
SPECIAL REVENUE FUNDS			
Library	406,110	396,770	393,000
EMS	221,600	221,600	200,000
Stormwater Operations	170,500	175,000	179,000
Sewer Fund	1,100,000	1,220,000	1,320,000
subtotal special revenue	1,898,210	2,013,370	2,092,000
Total Tax Levy	7,303,411	7,182,098	7,013,090
Levy Dollar Increase	121,313	169,008	153,310
Levy Percent Change	1.69%	2.41%	2.23%

Tax Rate Summary

Assessed Value Tax Rate			
Assessed Value without TID	1,217,608	1,127,395	1,123,582
Tax Rate	5.9982	6.3705	6.2417
Tax Rate Percent Change	-5.85%	2.06%	-4.26%
Equalized Value Tax Rate			
Equal Value without TID	1,244,717	1,214,229	1,132,773
Tax Rate	\$ 5.8675	\$ 5.9149	\$ 6.1911
Tax Rate Percent Change	-0.80%	-4.46%	-0.15%

Change for Average Household

Average single family house value		
Per Assessment(without condos)		
	2019	2020
	471,556	514,500
tax rate	\$6.37050	\$5.99816
Village tax	\$3,004	\$3,086
tax increase		82.01
Fees		
sewer	347.00	367.72
stormwater	134.28	135.62
solid waste	246.40	254.32
total fees	727.68	757.66
fee increase		29.98
net change taxes and fees		\$111.99

Residential User Fee Summary

Fees included in budget	2021	2020	2019
Sewer	367.72	347.00	335.80
Stormwater	135.62	134.28	132.94
Solid Waste	254.32	246.40	236.50
Total annual fee	\$757.66	\$727.68	\$705.24
annual increase	\$29.98	\$22.44	-\$0.42
	4.25%	3.18%	-0.06%
<i>amount per month for fees</i>	\$63.14	\$60.64	\$58.77