

Approved 10/24/22

Village of Elm Grove
Finance and Licensing
Budget Workshop
October 13,, 2022

Present: Jim Koleski, John Schindler, Ben Haas, Tom Shepherd, Tom Michalski, and Glenn Schrubbe.
Also Present: Staff members-Monica Hughes, Dave De Angelis, and Richard Paul.

Jim Koleski called the meeting to order at 7:00pm

Review and Discussion of 2023 Draft Budget and 2022 Tax Levy

Monica Hughes provided a summary of the current proposed budget, noting it is currently over the state levy limits by \$629,500. A memo was included that highlights important pieces of the budget and also provides some options to bring the budget into compliance. It was noted that the state levy limits our tax increase to approximately \$53,000, a 0.72% increase while another state program, expenditure restraint, allows expenditure increases at the level of the CPI. Under the expenditure restraint program the Village has the ability to increase expenditures \$765,500. The 12 month CPI provided by the state for this program is 7.7%. The current budget reflects a 9.2% increase but due to our property values increasing almost 15%, even at this levy the tax rate per \$1,000 would decline 2.8%.

Staff has prepared the budget maintaining current operations and capital requests. Included in the budget are increases requested to maintain our fire and EMS on call departments for the short term. The Village has created an ad hoc committee to study the longer range future of these departments. These 2 department increases account for \$221,500 of the overage. The capital budget also is requiring a levy of \$263,665 more than last year. Again it was discussed that we have usually faced a large levy requirement for capital and have often had to plan projects farther into the future to accommodate current operational needs. Other items adding to the increase are employee wage and benefit costs, utilities, and gasoline. The budget is currently in draft form and over the upcoming 3 weeks the committee will review the budget in detail with department heads and changes can be considered and implemented prior to recommendation to the board.

Monica Hughes reviewed the first pages of the budget that include general information and answered questions.

General Fund Revenue

The first area to review is the general fund's revenue sources. This area includes the tax levy to support the general fund operation but also fees, commercial revenue, and intergovernmental aid the Village receives.

Intergovernmental Aid

Staff reviewed the aid we receive from the state noting that there is a slight increase, \$10,000, to the expenditure restraint program. We expect other state aid to remain in line with 2022 levels. The revenue includes support from the Elmbrook School district to fund the school resource officer which we expect to be in place on January 1, 2023. The expenditures also include the operation cost of the SRO and capital budget includes equipment costs. Elmbrook has committed to funding this position. Dave De Angelis noted that for the last few years we have not received any recycling rebate from the county, due to the low market value of recyclables. The county is currently looking at the program and we may receive some rebate in 2023.

Licenses and Permits

Licenses and permits are currently budgeted at the same level as 2022. Our license revenue remains relatively constant as our commercial district is small. Building inspection services are contracted with SafeBuilt, an increase in revenue will also generate an increase in expenditures. It is currently unknown if we will have any significant permitted projects in 2023 though the Mandel Development is progressing.

Fines, Forfeitures and Penalties

This represents fines collected for municipal violations and traffic citations. This is offset by a percentage that is paid to the state and county. We expect to be under budget about 10% this year due to personnel shortages. 2023 was budgeted at the same level as 2022.

Public Charges for services

The main item in this category is the residential user fee for garbage and recycling. We currently contract with Johns Disposal and will continue to do so in 2023. Our contract expired midyear of 2022 and Johns extended until 12/31/22 but we did have an increased cost. The Village requested proposals and John's continues to be the best alternative for collection services, maintaining the current 'up the drive' service. The fee also includes the cost to operate the Village yard and brush pickup. The user fee is set annually to cover the costs of this department.

Recreation Revenue

The recreation program generates significant fees as it tries to cover operation costs. The department expenditures will be discussed at next week's meeting and it was recommended to wait and review the revenues at that time with the department head. Staff noted that our current Recreation Director has resigned and that department will be looking for a replacement.

Commercial Review

Commercial review included 3 major areas, cell tower lease revenue, cable franchise fees, and interest on Village funds. The Village leases space to Crown Castle for a cell tower on the DPW yard site. This is a long term lease providing significant source of revenue. It is estimated to have lease revenue in 2023 of \$147,000. Cable franchise fees are a 2% fee added to users' cable TV bills by the provider, Spectrum and ATT, which is paid to the Village quarterly. We have seen a decrease in this revenue as more households are moving away from cable subscriptions. Interest revenue has been extremely low in the last few years but we are budgeting a slight increase in 2023.

General Fund Expenditures

Monica Hughes reviewed the general government area expenditures. The committee discussed the change in the assessor position from a contract with Brookfield to hiring a full time assessor. The assessor position is included in the wage line and the assessor contract line reduced. It is believed that this change will not have an effect on the budget. Other lines with increases, other than wages and benefits, include computer costs. The Village has a new storage backup system with an increased cost. Also costs for outside software for budgeting and licensing have been included to provide more opportunity to formalize the process. Legal fees are contracted and budgeted the same as 2022, utilities reflect a small increase as we have been told electric costs will increase. Business insurance costs reflect estimates received from our broker, which includes increased property insurance costs as values have increased. Workers compensation will also increase due to our current 3 year history.

Inspections

The next department reviewed was inspections. This reflects our costs due to SafeBuilt based on the revenue budgeted. For most permits, SafeBuilt receives 65% of the fee on a residential permit and 85% on a commercial permit. As stated earlier, if revenues are increased in 2023 so will expenditures.

Public Works

Richard Paul, Jr., Public Works Director, discussed his department budget. It was noted that a new full time employee was hired during 2022 to a newly created position to assist with year round needs of the department and the park. The department assumed maintenance of the park and recreation facilities during 2022 and reduced their seasonal staff and that of the recreation department. The Village has struggled to hire seasonal staff during recent years and the needs extend into both the spring and fall seasons. Past seasonal employees have usually been college students who have a limited summer break period. This position is paid at a lower level than other public works employees that have more advanced skills required. The department budget includes truck maintenance and gasoline costs which we have seen both rise in the recent economic market. With the new transportation fund, the consulting line has been reduced. Required engineering services in conjunction with transportation projects will be charged to that account.

Solid Waste

As stated earlier, this budget segregates the costs for our contracted garbage and recycling pickup, the employee costs to maintain the Village yard and brush pickup and disposal. The user fee is set to recover these costs.

Forestry

The forestry budget includes wages and benefits for our full-time forester. He is assisted with work by the public works department. The overall budget of operating expenses has not changed but the amounts are allocated to different areas as certain projects are prioritized. It was discussed that a large amount of trees have been removed in recent years with only a small number replaced. The trees removed have been of all sizes and not necessarily large street trees, many have been small park trees. Replanting is dependent on funds available. The budget for 2023 has reduced the funding for ash removal and increased tree planting.

Capital Fund

The committee asked DPW Director Richard Paul, if he had any recommended changes to his capital budget in light of the Village levy constraints. Mr. Paul noted that he did not have any specific items at this time but understands the reality of the Village limits and will work with decisions that are made. At this time the budget includes items that he feels should be planned for, and if changes are made it should be recognized that repairs and maintenance might be needed to extend the current life of the equipment or infrastructure.

Other Business

No other business was discussed.

Adjournment

Ben Haas and Tom Shepherd moved and seconded to adjourn at 8:50pm. Motion carried.

Respectfully,
Monica L. Hughes