

Approved 10/26/20

Village of Elm Grove
Finance and Licensing
Operating Budget Workshop
October 21, 2020

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

Mr. Haas called the meeting to order at 7:05 pm.

Monica Hughes opened the discussion by noting that the Village had received its renewal from United Healthcare for 2021 which includes an increase of 15%. She noted that the current draft budget includes an estimated 10% increase. This additional 5% would result in another approximately \$24,000 in health care cost. Staff has discussed with our broker and he is reaching out to United Healthcare to discuss and negotiate a lower renewal. If we cannot get a lower renewal we will be going out to the market to explore other carriers. The Village annually considers plan design changes which would allow additional savings.

As noted the current draft budget needs to be reduced \$355,000 without this additional 5%. The committee decided to continue the discussion of the draft budget and another meeting will be scheduled in early November when more is known on healthcare.

Sewer Fund

Monica Hughes explained the sewer budget noting the largest expense being the MMSD capital charge of \$1.425 million followed by the MMSD user charges \$387,000. The Village is billed a capital charge from MMSD annually on its equalized value. The Village has chosen to fund a substantial portion of this charge through the tax levy, \$1,220,000 for the 2021 budget. The remainder is funded through the user fees. It was noted that repair and maintenance has also been increased by \$10,000 for additional televising. The Village has had a number of unexpected repairs in the last few years and would like to expand the televising to get ahead of some emergency repairs. Streets that will be paved are televised prior to paving to evaluate the sewer system condition. The committee noted that as the Village is looking at an expanded paving program over the next 10 years it will be important to have sufficient funds in the sewer for televising and repairs if needed.

Monica Hughes noted there are 2 transfers from the sewer to the stormwater fund included in the budget for \$200,000 in total. A few years ago the Village opted out the MMSD Green Infrastructure program and receives a credit on its capital charge. Opting out meant the Village would not be paying for green infrastructure projects done by MMSD in the district. Any projects in the Village would be the Village's responsibility as they were in the past, but the Village would not be eligible for MMSD assistance with any projects. In the past while eligible, the Village was in competition with all other municipalities and MMSD specific projects for these dollars. Since the Village opted out it has transferred funds annually to the stormwater fund to help support these projects. In 2021 the transfer is \$100,000. The other \$100,000 transfer is to share in the cost of an Underwood Creek stabilization project which is threatening a sanitary sewer manhole and the sewer interceptor.

It was noted that the current proposed user fee is \$349.48 per household a \$2.48 increase from the current year. Also noted was the current fund balance of \$1.4 million which is available for sewer projects

noting that last year the Village had a major rebuilding of the sewer on Victoria Circle and this year emergency repairs on Elm Grove Road.

Stormwater Fund

Monica Hughes explained that the Stormwater Fund expenses for 2021 are from 3 parts. The first part is the annual operating which includes repairs and maintenance and costs of Village employees for stormwater work, mainly DPW employees. The second is the estimated project cost of the streambank stabilization project previously mentioned in the sewer fund discussion. Staff noted that the Village has been notified we will receive grant funding through the state of \$225,000 for this \$425,000 project and that we will also be looking for support from the City of Brookfield as this project is need for our shared interceptor. The final expenditure is for the debt payment. This relates to the debt issued for the stormwater project to relieve funding in the Village Park and downtown area. The final payment on this debt is in 2025 and at that time funds may be available for other stormwater needs.

Revenue for this fund comes from tax levy, in 2021 \$170,000, the stormwater utility fee, and grant funding.

Debt Fund

Monica Hughes reviewed the debt fund budget. The Village currently has 2 outstanding general obligation bond issues, one issuance for the stormwater project which will have a balance due of \$4.6 million as of 12/31/20 and is funded through the stormwater utility fee and TIF, and the second issuance with a balance of \$2.2 million issued last year to support the splash pad, Village Hall HVAC system and Watertown Plank Road pathway. The Village also has a 5 year state trust fund loan for the purchase of a public works excavator and a small obligation, \$5,838, remaining to Waukesha County for the radio infrastructure project. The committee discussed the state imposed debt limits, local controls on debt issuance, the Village Board's past practice of debt issuance and the use of debt.

TIF Fund

The TIF fund is a segregated fund to capture the activity of the Village's tax increment district. Monica Hughes explained the district was developed to support a portion of the stormwater project in 2004. The TIF was amended in 2012 for the Heritage Senior Living facility. The amendment was to pay for bringing municipal water to the site and some specific site redevelopment costs. The funding provided to the developer was structured as a PayGo obligation which pays the developer back for designated items only if the increment from the development is available. This has worked well for the amendment and it is expected that the developer will be paid back in 2024. The original TIF has been underperforming as the anticipated properties to develop have not done so over the past 15 years and many have actually lost value in recent years. The TIF has seen development from a number of properties, but it is not sufficient to pay its debt obligation and funds have been advanced from the debt service and general fund. It is expected that the TIF will pay back these obligations with interest by 2028 within the designated life of the TIF which currently ends in 2031.

Donation Fund

The Village set up a separate fund to record donations a number of years ago. This was to record the donations received from the community for the splash pad and to better identify other contributions received. The Village annually receives support from the Elm Grove Junior Guild and the Elm Grove Community Foundation. These organizations provide funding for community events such as concerts in the park and movies in the park and our downtown flower baskets. Any donations received with specific

restrictions for a new piece of equipment, project or community event need to be approved by the Village Board, which will also consider ongoing and replacement costs.

Capital Fund

The committee then discussed the capital budget and the items staff had identified that could be changed to reduce the needed levy by \$199,000. In past workshops the committee had discussed specific changes to equipment and projects during the department reviews. Monica Hughes noted that staff is also recommending reducing the funding for future fire trucks from \$50,000 to \$25,000. She also noted that staff is recommending transferring \$50,000 from the debt service fund to the capital fund. This amount has accumulated from the interest on the funds advanced to the TIF. Transferring the funds allows the Village to move forward with capital projects without additional debt financing. The committee supported both of these additional capital changes.

Monica Hughes then discussed staff's recommendation to reduce the sewer levy by \$120,000 and shift this cost to the user fee. This would increase the user fee by approximately \$40 per household. Pat Kressin expressed concern on this increase and requested that staff provide the committee with other options to provide a levy savings. Other committee members agreed. It was concluded that staff will look further and provide information on possible changes and their levy effect. Another meeting will be scheduled for Wednesday November 4th, 2020 at 7pm. At that time the Village will have additional information on healthcare also,

Other Business

No other business

Adjournment

George Haas and Martha Kendler moved and seconded to adjourn at 8:30pm. Motion carried.

Respectfully,

Monica L. Hughes