

**VILLAGE OF PLEASANT PRAIRIE
PLEASANT PRAIRIE VILLAGE BOARD
PLEASANT PRAIRIE WATER UTILITY
LAKE MICHIGAN SEWER UTILITY DISTRICT
SEWER UTILITY DISTRICT "D"
9915 39th Avenue
Pleasant Prairie, WI
November 10, 2008
Immediately following the 5 p.m.
Plan Commission Meeting**

A Special Meeting of the Pleasant Prairie Village Board was held on Monday, November 10, 2008. Meeting called to order at 6:00 p.m. Present were Village Board members John Steinbrink, Monica Yuhas, Steve Kumorkiewicz, Clyde Allen and Mike Serpe. Also present were Mike Pollocoff, Village Administrator; Kathy Goessl, Finance Director and Jane Romanowski, Village Clerk.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. CITIZEN COMMENTS - None**
- 4. PRESENTATION OF THE PROPOSED 2009 GENERAL FUND, CAPITAL AND DEBT, WATER UTILITY, SEWER UTILITY, SOLID WASTE FUND, CLEAN WATER UTILITY AND FLEET INTERNAL SERVICE FUND.**

Mike Pollocoff:

Kathy is going to give us a brief presentation on the proposed budget that's a result of the workshop that we held on Saturday. This budget keeps with the financial management plan that the Board adopted as part of the 2007 budget that puts a requirement upon the Village to fund reserves first, to take capital that can be realized through declining debt service totals an applied towards road maintenance and equipment. It funds existing capital accounts with funds from the budget. And then the operations are funded as a final step. That's to ensure that those items during good times and bad times such as the assets of the Village and roads and equipment can be maintained and that we're able to maintain the essential services that we have.

The Village, as Kathy will describe, has been faced with declining revenues for the areas of permits and those charges that are associated with development that occurs in the Village. The Village's Land Division Ordinance prohibits the Village from subsidizing any development of residential growth as well as a lot of commercial development. So consequently as those areas were growing the costs for managing that growth and reviewing it and providing for it in large part were paid for by those builders or residents. Now that that's slowed down we've needed to make an accommodation in our budget to reduce staff, reduce expenses in those areas that are directly associated with new development.

Tonight we'll be identifying these budget changes for both the general fund and the enterprises tonight. The primary purpose of what we're doing tonight is to set a hearing date which I'm proposing to be December 4th which is a Thursday at 6:30 p.m., our typical meeting time. With

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that, Mr. President, I'd like Kathy to make her presentation on the budget as we've modified it from Saturday's working session that we had.

Kathy Goessl:

The initial slide up here shows the budgets that will be reviewed, fleet internal service fund, general government operating, debt and capital, our sewer utility, our water utility, clean water fund and our solid waste fund.

This is the organizational chart that shows that the Village Board and the Village Administrator is over all these different functions. We will be discussing the majority of these tonight except for recreation which is the LakeView RecPlex, and we won't be talking anything about the Tax Incremental District. That will be discussed at the budget hearing on December 4th. The Tax Incremental District is basically following the TID plan that was just amended this last year. But all the rest of the items on here will be discussed on the proposed budgets.

I'm going to start out with the fleet internal service fund. The fleet internal service fund is actually a new fund that we're going to be creating as of January 1, 2009. What it does is it combines all of our vehicles, equipment from the general government public works area, parks, engineering, our sewer utility, our water utility, our solid waste fund and our clean water utility. The rest of the fleet, fire and police and a couple other departments throughout the Village, will keep their own vehicle maintenance and equipment underneath their department.

The fleet internal service fund we will be transferring as of January 1st a gross asset value of about \$5.5 million to this new fund. Budgeted expenses associated with the operations and maintenance of the vehicles and equipment from the departments I just mentioned and the enterprise funds were transferred to this new fund.

Then as the vehicles and the major pieces of equipment are being used by each of the departments and the enterprises they will be charged based on either a mile or hourly rate for the use of these vehicles and equipment. There's actually a two tiered charge out rate. The first is operational, and that's based on a prorated State of Wisconsin highway published rate standard which is updated annually by the State of Wisconsin. And then also a second charge out rate will be a capital replacement charge out rate, and it's based on the estimated replacement cost of the vehicle or the major piece of equipment divided by its useful life of either miles or hours.

This is our proposed budget for 2009 for this fleet internal service fund. The revenue that's coming in is a charge out mainly to the different enterprises or departments. There will be some charge outs to outside development, for example to FEMA if we have some type of emergency for the use of this equipment. But for this budget year we just start out with the internal charges to our departments. And it totals \$1.3 million of charge outs, half of it about being operating related charge outs and half of it being capital related charge outs.

The expenses associated with this fund which were all pulled from the different enterprises and departments, first of all includes personnel which is mainly our mechanic that maintains a portion of this equipment, equipment maintenance, vehicle maintenance expenses, some minor

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equipment that's anything that's under \$2,000. Then there's also repair maintenance supplies, fuel being the largest expense here at almost \$308,000. All these vehicles and equipment use about 95,000 gallons a year and we have budgeted about \$3.42 a gallon, and then insurance on these vehicles and equipment for a total operating expense of \$683,000. The remaining net of \$637,000 is to purchase replacement vehicles or equipment for this fund. This fund then nets out to zero. Our goal for the future, though, is to have this fund start to accumulate cash so it can do a total replacement. Right now this number is a little bit short of our total replacement estimate of around \$700,000.

The net impact on our governments and our utilities is not that big in total. They net out pretty well. So we just pulled all the funds out that are related to equipment and vehicle maintenance, and then we stuck it back in based on the hour charge out rate step by the State of Wisconsin. You can see general government-wise we pulled out of our budgets almost \$300,000 and transferred back almost \$290,000, very close in terms of once we did all of our calculations based on the hourly rate.

And then the sewer, water and construction crew we transferred out of there \$181,000 and we're putting back in \$173,000 in total. There's some shifting between the sewer and water and construction crew, but basically those three areas are run by the same people managing that area. So we'll see as we go forward our first year with this fund how things work with our rates that we have established, but this is what the budget has been set at for these different areas. You can also see down below the solid waste and the clean water basically gained some expense in that area for the use of equipment in their different categories. But the net shift basically is whatever came out of the fund's budget went into the funds, a little bit shifting between the departments and the enterprise.

This is the proposed 2009 capital budget for this fund. John Steinbrink, Jr. and myself and Ron Kammerzelt from the utilities put a lot of work into determining this replacement. Actually John did a lot of work on grouping the assets together and looking at what their current life is in terms of hours or miles, and also looking at determining what our life should be on these and then we grouped them together. For the stuff that we're actually asking for replacements they're over the actual estimated useful life for that equipment. Within your detailed information in your binders it does show the actual hours or miles that's on the equipment being replaced.

So this is a list of the replacements. The only thing new for this is the two things on the bottom which is the high flo skid steer and the trailer associated with that skid steer. There's some trade in value in the center column for our net purchase of capitals for this fund that would be used by all the other departments and enterprises as an hourly rate charge out of \$635,400.

This is the actual charge out that we're estimating based on our calculations for each of the funds. General government is being charged \$242,000, and the sewer, water and construction crew \$128,000 and solid waste \$191,000 and clean water \$73,000 for a total charge out of the capital you just saw on the last page of \$635,000. So this is our estimate of what's going to happen next year. We'll see once we get into the year and see how things go, of course, we'll give you an update next year when we go through this process or maybe in the middle of the year if we need to. So, are there any questions on the fleet internal service fund?

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The next section is general government and that includes the operating, debt and capital improvement plan and also establish a property tax levy amount. Starting with the operating section of the budget, these are a list of new programs that we went over that were recommended. There's some rate increases for inspection on permit fees, and there's also a promotion of video technician to media direction of \$12,000 that we discussed in our working session for a total of just \$4,000 of new program recommendations.

Not being recommended here's a list of what's not being recommended that we went over on Saturday. It's a list totaling almost \$160,000. This is items that the departments have requested but Mike and myself have not recommended these to be added to the budget. You have a dispatcher, a video operator, a firefighter, promotion of a detective, a web programmer, a part-time intern, a part-time mechanic, repainting of Station 2, an HR information system and the Village taking over 2.25 miles of County Trunk ML. That last one, we are still taking over County Trunk ML but basically absorbing that in our budget to be able to manage that road for the first year.

These are recommended program reductions totaling \$232,000. Again, the first line item if we need to have ordinance amendments for development projects we'll be billing those out. The co-location room we have not been able to rent out much space there so we're looking at selling the generator and the data racks for a total of \$22,250. And then we have re-design of Pleasant Prairie Park as a zero effect on this budget, but it helps out the recreational budget of about \$2,000 to \$3,000. HR reduce print classified advertising and personnel reductions. These were the lay offs that were mentioned in the paper and also on Saturday in the meeting of a little over \$200,000. And all employees that were affected by these personnel reductions were talked to today and there are no further reductions besides the ones that were met with today.

Not recommended here's the list here of \$351,000 of not recommended program reductions. We're not reducing part-time hours in finance, eliminating of full-time clerical secretary position in fire and rescue, elimination of a full-time fire medic position, elimination of the Village websites, eliminating of landscaping costs, elimination of a police officer, elimination of a dispatcher, eliminate snowplow overtime and double time on subdivision roads, and reduce salt and mag chloride use. Those are the new programs and program reductions.

Here's our top four revenue categories. Intergovernmental went up and we'll explain in the next slide or two why these went up or down. Licenses or permits are down. Public charges for services are up. Other taxes pretty much up a little bit. And in total our revenue in these categories are up mainly due to intergovernmental revenues.

Intergovernmental revenues, the income tax from the State went up \$922,000. That's due to the utility tax that went up to \$1.7 million. It was at \$782,000. It's an over \$900,000 increase. Our per capita is another portion of that income from the State which stayed the same as last year. Road grants from State went down. Basically our road grants are based on how much money we spend on road improvements or maintenance, and we have not been spending as much as we had in the past so basically you spend more you get more. Well, we spent less so we get less back from the State.

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Then the other ones pretty much stayed a little bit up or down. Others include law enforcement and ambulance service grants and our State payment from municipal services for providing fire services to State buildings. So in total this category went up 42 percent or \$824,000, but most of it or all of it is pertaining to the income tax from the State and our shared payment for utility taxes.

Licenses and permits-wise, this is the area that has impacted us the greatest because of the economy. You can see everything is down in this area except for basic licenses. Building permits are down \$400,000, zoning permits down almost \$125,000, fire department permits down \$44,000 and property record maintenance down \$40,000. This is all due to the economy and the development having to slow down with nothing in the pipeline that we can see in the near future. New program-wise we're looking at those fee increases that I talked about earlier on the new programs for inspection fees and ordinance amendments. So in this category we pretty much used up the majority of the money we got from the power plant reduction of \$613,000.

Public charges for services went up. The main reason for that going up is due to rescue squad earnings, and that's basically due to rescue squad earnings, and that's basically up due to an increase in demand for services. Our trend has been on an upward incline, so we had budgeted \$140,000 more in that area. Engineering department services are up because there's one additional engineer in that department, plus we're taking over a portion of their view services that were previously contracted out which are billable to developers or residential people that we provide the service to. Co-location, reducing that to \$10,000 from last year. Hoping to get someone in the co-location room.

Street lighting up due to the increase in the number of street lights. Fire department earnings down, again, because of development. Administrative fees, again, is a development-related thing. We charge 1 percent to developers in development agreements. IT department services is level. Franchise fee is up. We just started collecting the franchise fee from Time Warner Cable. We haven't even got the check for the third quarter so we only have a half a year this year and next year is a full year of franchise fees. And others include highway department earnings, fire department earnings, IT department services, right-of-way permits like weed and nuisance control. And some of this is related to development, again, causing a decrease in that area.

Other taxes include mobile home taxes which currently have leveled in terms of the projected budget. Utility tax equivalent is the water utility paying the general government taxes similar to what the property owners pay the general government, and their asset values are up so their tax equivalent will be up or tax payment. Hotel tax has shown an increase also. Property tax penalty right now we just budgeted the same as last year but we'll probably get more than the \$50,000. And other taxes are down for a net increase of \$25,000 mainly due to the utility tax equivalent from our water utility.

Here's other operating revenues. Intergovernmental charges is basically our charge to the Kenosha Unified to provide an officer to them in our schools that are located in our area. Enterprise lease payments to Village Hall which is a change this year. We did charge a lease payment to the water and sewer utility in the past, but that was basically just for the use of Village

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Hall space. We re-evaluated this year and also included the use of the space at Prange and included also the clean water and the solid waste utility in this charge. So we have an increase in that area. And then assessing contracts are also included in the intergovernmental charges.

Fines and forfeitures are the fines collected from our municipal court which we have budgeted to stay even for next year. And miscellaneous is mainly interest on income on our investments and the interest rate is down from the previous year so that has been reduced. Also, up to offset a little bit are tower leases at Village Hall and on the Roger Prange which is up \$21,000 from last year. The other is a transfer from RecPlex to general government to maintain their ball fields as well as some landscaping around the RecPlex.

Operating expenses of the general government. Here's a comparison of the different categories we have. You can see most of the categories are up from last year. Salaries and benefits on average have gone up about three percent across the board. We have a union contract with the police, the fire and our dispatchers which are all negotiated rate increases. And then we also followed the County contract for our other hourly employees. So those increases are built in here along with any step increases for our new employees.

This is our public safety area. Public safety is up \$193,000 across the board. Police is up mainly due to negotiated contract annual increases and the transfer of a part-time employee from the public safety communication department. Fire and rescue is up, again, due to the negotiated contract annual increases and also an increase in accounts receivable. We have a collection agency that does our collections for rescue billing. And, as you saw on the revenue slides, our revenue is up and our collection fee for them to make these collections is based on a percent of revenue. So with the revenue up our collection fee is also up. Training is also up in the fire department \$14,000 along with uniforms, safety equipment and fuel.

Inspection is up mainly due to step increases and benefit increases. Public safety communication, as I mentioned previously, a part-time employee was transferred to the police department, therefore reducing the public safety communication budget. Roger Prange is mainly due to an increase in janitorial services, electric and natural gas rates and usage. There are no new programs in this area for a total increase of three percent over previous 2008 budget.

Public works is up 23 percent, but the main reason for this is the internal service fund that I talked about in the beginning of the presentation. First of all, with engineering the engineering department is down because there were two positions transferred to public works, a clerical and a laborer position, and then offset by the add of an engineering position. Engineering also has internal service fund capital transferred back to this fund. This is new for this year in terms of internal service fund. This stuff would have been tracked in our capital fund, but because we created this internal service fund now the hourly charge back rate comes back into the operating part of the budget instead of the capital part of the budget. So this part of the budget public works will be elevated because of that transfer of capital. You can see engineering's \$5,000 of capital transfer back and public works a couple lines down is a \$204,000, so that's the majority of the increase down there on the bottom of the 23 percent.

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Public works in the base budget is up also but mainly it's due to the transfer of two employees from engineering to public works, the transfer of the mechanic out into the internal service fund. Annual increases but the biggest change is increase in salt to restock the salt shed next year once we start using what's been purchased for the beginning of this season. Street lighting is up due to electrical increases in the number of street lights as well as the slight increase in cost.

Administration is up eight percent. Basically, as you can see, the Village Board is up \$13,000. The majority of that is due to errors and omissions insurance. We switched carriers from Community to Wausau Insurance. Wausau splits out errors and omissions, and in the past we've charged errors and omissions to the Village Board, so overall our insurance rates went down, but with the errors and omissions portion it went up so that's why there's an increase in the Village Board.

Municipal court a slight decrease due to office supplies. Administration an increase due to annual and step increases offset by reduction in postage for the mailing of the newsletter. Human resources a clerical staff member was reclassified from part time to full time. In IT the database administrator is now a full time for a full year. This year he was hired in July only accounting for a half a year of his salary. And there's also annual and step increases in the IT budget. In finance there's annual and step increases, a personnel allocation change and then also an increase in audit fees. The reason for increase in audit fees is that there's new required procedures of the auditors to do for municipalities, therefore increasing the amount of time they need to spend on all audits for municipalities.

Assessing went down because a position was reclassified from full time to part time, and Village Hall is up because of janitorial services for a total increase of eight percent. We talked about new programs, promotion in the IT area and then reduction in HR print advertising.

Community development is up slightly due to annual increases offset by reduction in legal expenses. No new programs and no program reductions. Parks is up four percent. They're base budget is down \$20,000 and that's due to the internal service fund. The operating transfer out for them was \$65,000 but operating transfer in was only \$39,000, therefore giving a reduction in the operating portion of internal service fund of \$20,000. And also the increase then was \$32,000 for the capital portion of the internal service fund. Parks had no new programs for a total increase of a little over \$12,000.

This is a summary of the total budget. All the previous slides have been totaled onto this slide. Property tax for the general operating portion only went up nine percent. What that entails is a 3.945 percent growth rate increase in the tax levy, and then the internal service fund increase of \$242,000 for the capital portion of it. That would have been in our capital fund but because of the internal service fund now that capital is in the general operating fund.

We talked about all the different revenues and they went up seven percent overall mainly due to our power plant increase. We talked about the new programs so total revenue is going up 8 percent. Expenses, on the previous slides we went through all the different areas. Our total increase there is a little over half a million dollars in expenses. So our net gain or loss actually is a little less than \$350,000. Part of our thing is to have a reserve of 15 percent of revenue. And to

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be able to do that we had to actually looked at an unbalanced budget not having revenues match expense so we can get our reserve back up to 15 percent.

This last year, the year 2008, we're looking at ending the year around \$400,000 to \$500,000 short mainly due to reduction in permits and anything to do with development, and then also the increase in expenditures due to the major snowfall we had last winter. So we had to make up that around \$200,000 to get our reserve back up from last year or this year we're finishing and get it to the 15 percent for 2009. So that's why we had to do an actual gain of \$350,000 to meet this 15 percent reserve of revenue.

The capital section, here's a list of all recommended capital purchases. These were all explained in your binders and booklets that you received. We looked at vehicle fleet replacement for the police department which is done every two years. A new ambulance for the fire and rescue and also mobile and portable radios and pagers. For the police department replace mobile radios. For information technology public safety systems improvements. Information technology voice over IP for the Roger Prange building. Village Hall replacement of the rooftop HVAC. Also have Village Hall repairing the roof on Fire Station #1. Road resurfacing of a little over half a million dollars. Public safety - communication replace the fire department base station. The rest of them are IT-related capital, replacement servers, Caselle SQL upgrade, Prange security upgrades, Village Hall audio visual upgrades, high definition video camera.

It continues on the second slide here. Parks infield tarps for softball diamonds, bike and pedestrian trails plan and the Station 2 building maintenance. These total almost \$1.4 million and would be covered by the levy and other sources like interest income. Impact fees will cover improvements on the north ball field for a playground along with a grant of \$13,000. We are also getting a grant for the 85th Street reconstruction of \$1.2 million. The rest of 85th Street will be funded by borrowing of \$1.6 million. Also, we're starting engineering of 116th Street which will also be included in the borrowing for \$175,000 for a total of \$4,413,152 of capital purchases recommended.

Here's a list of capital equipment that was requested that was transferred to the internal service fund. Some of this was funded, some wasn't. Once it got to the internal service fund it was evaluated based on its useful life and what kind of hours or miles it currently has on the equipment and then determined whether it should be replaced this year or pushed to future years. This totaled \$326,470, mainly public works equipment and parks equipment.

This is capital that's not funded or not recommended to be funded and it totals \$854,947. The biggest purchase here would have been a pump tanker fire engine for \$720,000, followed by the replacement of a grass truck in the fire and rescue area. And there are other items on here from fire and rescue and IT and also parks.

This is a summary of the capital fund summary. You can see the tax levy there went up \$400,000 to cover the list of projects that we had. The grants, as I mentioned before, for 85th Street for \$1.2 million, playground for \$13,000. Impact fees accounts for a projection of \$250,000 collected and the use of \$15,000 for the ball fields. Interest income is interest on borrowed money as well as accumulated impact fees in this account. Others is the sales of used equipment. Borrowed, we're

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recommending borrowing for 85th Street the remaining amount not covered by the grant and also for 116th Street engineering.

Capital outlay totaling the list that was presented on the last slide \$4,413,152 up from the previous year's capital outlay for a net loss in this account of \$143,000. Our beginning fund balance is about \$1.4 million, ending fund balance \$1.2, almost \$1.3 million, but the majority of that is impact fee balances collected for future expenditures of \$1.2, almost \$1.3, leaving a very minimal amount of fund balance in this account.

But our plan for this capital fund is basically the list that was presented will not be purchased early in the year. It will be held off until more toward the end of the year so that anything such as economic situations that may occur next year that we would have a chance to maybe move money over to the general government to help that general government operating, and we'll see at the end of the year what we're going to purchase off that list.

The last component of general government is debt service. And as Mike mentioned earlier our resolution that was passed a couple years ago concerning debt is that as the old debt payments are reduced the difference will be used for road improvements like road resurfacing of a half a million that's being done this year. The yellow is the old debt service payments. And you can see in 2009 there was a decrease in those payments. And as you go through the next three years it continues to decline. So the blue is the amount that we are reserving for road improvements. And then the blue comes up to the line where we ended our highest debt service payment of old debt.

We did borrow this year for 80th Street and ball field lighting and also a bridge reconstruction. That's the pink lines on the graph on top. And our plan two years ago was to tack that debt payment, interest and principal, onto the top of the already old debt and the amount we reserved for our capital going forward on the reduction.

Mike Pollocoff:

It shows as pink on the monitor that Kathy's looking at. It's light blue on this. This is one of the reasons that the project is one of the items that we replaced. It's slowly projecting random colors.

Kathy Goessl:

So lime green, dark blue and light blue. This is our debt service and it shows the principal payments going down in the white bars. And the dark blue bars are the actual borrowing that we have done. You can see debt has been going down in terms of our principal balance has been declining. It jumped up in 2009 due to the borrowing we recently did. And 2009 projected borrowing for 85th Street and 116th Street. As you can see, there have been a number of years that we didn't borrow at all. We pretty much put ourselves in a levy limit freeze and then we were under the State imposed levy limit. So capital has really suffered in the last five or six years before we spent money this year in road improvements and different things we have done. So there was five or six years in there that we didn't borrow anything.

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Debt service fund summary. This is a summary of this fund. You can see the tax levy actually went down in this fund because our actual principal and interest payments went down. Special assessments went up some. This is special assessments on any assessable-type projects that we do in the general government. And basically this is probably like 80th Street special assessment. Interest income we kept it about the same for a total decrease actually, though, in this fund for revenue of \$242,000 or 9 percent. Principal payments went down in this fund as our graph previously showed. It declined \$242,000 in interest—well, principal went down and interest went up slightly for a decrease of \$242,000 of actual payments made. We balanced this fund and we have a balance in this fund of about \$400,000.

Now, the most important part, the tax levy. The State levy limits and how they affect the Village mill rate. This is the actual 2008 Village levy that we had this year to operate under. It was almost close to \$8 million. We then calculate our growth on top of that of 3.945 to get the new \$8.2 million tax levy limit. And then any debt issued after July 1, 2005 we were able to add that onto our tax levy limit, and we decided two years ago that we were going to do that in terms of any new debt we had. So this is the interest and principal payment on the borrowing that we did in 2008 for 80th Street, the bridge reconstruction and the ball field lights. So our total 2009 levy limit is \$8,493,386, and increase of \$575,000.

This is how a levy limit is split currently between the different funds. Operating has \$5,390,000, capital has a smallest slice of \$846,000, and debt service at \$2.2 million. This comes to a Village mill rate of actually \$3.37 per thousand which is an increase from previous years. As you can see, our history since 2002 a high of \$4.46 per thousand, declining over the years basically down to our low of \$3.10 per thousand. We had an increase last year of up 17 cents, and this recommended would get a ten cent increase still seen under the levy limit that we have.

Now, how does this affect an average home? There's two sections to this. In the past we've always used average assessed value and I showed the average numbers there from last year and this year. The average actually went down \$1,700. So the property tax on the average is proposed at \$903, a \$20 increase. Average takes all the home values and adds them together and divides and gets you the average.

But probably the better one is the median assessed value which gives you the median or the middle. There's 50 percent of the people above that number and 50 percent below that number. And that's probably what we're going to be changing to as we go forward in the presentations in the future. You can see the median assessed value is lower than the average assessed value. Last year the median was \$243,800, and this year it's \$242,600, again a decrease of \$1,200. Even though we use the median versus the average, your increase is still the same, \$20 for the average homeowner or median homeowner which is a 2 percent increase.

Are there any questions on the general government portion of the presentation?

Clyde Allen:

Mr. Pollocoff and Ms. Goessl, I appreciate the number of hours that went into this. It's easy to budget in good times. In over 20 years of doing this sometimes it's pretty easy and sometimes it

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gets real difficult. This year you showed that the team you assembled, while the department heads were working with you, never once did I hear I do this, I'm responsible for this, I want, I need. They all sat at the table, stepped up and did what they had to do. The toughest part about budgeting in tough times, the most traumatic thing you ever go through in life is losing a job. You had to do it this year. Very difficult decisions. I guess my request at this time is to—the number of hours that went in here, the binders you can't find things to just say cut it, eliminate it, it's really skinnied down. Cutting \$500,000 out is pretty amazing and not hear one department head say a word about it.

I would like to make a request that there is one item in here, and being that it is traumatic to go through what you went through today, there's an item for the Village Hall to do the audio visual of \$30,500. I know we need the projector. You just witnessed that tonight. However, I would like to see \$25,000 of that money not spend in '09. I just think because you went through the toughest decision you had to go through in budgeting, I think that would be a nice thing to not go through and put in new lights or address the audio. I know it was supposed to be done in the past. If the money was there in the past when we did the roof and did those things it would have been done already and it would have been nice to have it done now. But I'd like to see it held off for another year just out of respect, to say, you know what, we made some decisions. Leave \$5,000 in there. We may have some things you need. Don't cut it, just do not spend the \$25,000 this year. I'll leave it at that. Thank you.

Mike Serpe:

Not to repeat what Clyde said about the budget process of the department heads, but in working with them for as many years as I have, we have the best team concept of any place that I know of involving municipal government. I can't say enough about how everybody works together and unselfishly. I don't know of one department head that can say I'm totally pleased with the budget. I'm sure that they wish they could have gotten a little bit more fluff in there, a little bit more of what they requested, but I think they also understand. And the way things look next year may be worse.

Clyde, I don't have a problem supporting your not doing the Village Hall with the money it would take to upgrade the lighting and the sound. I think that can wait another year, even two years. I don't have a problem with supporting that.

I want to commend Mike again, and I do this every year because he deserves it, for putting together a team of department heads and employees that this entire Village, every person living here, can be proud of. The mill rate even at \$3.37 a thousand is probably going to end up the lowest or if not close to the lowest of any full service municipality over 15,000 people in the State. That's commendable. I do worry about what the future has to hold not only for Pleasant Prairie but for this entire country. I'm a little concerned but I commend the efforts of Kathy, great job in finance, Mike your leadership and to all the department heads and your staff. I can't say enough about you. Thanks again.

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John Steinbrink:

I think what the people in the Village and the taxpayers have to understand as they've seen in the news how states across the country, cities, villages, towns have been impacted by the economy. When it comes to the Village of Pleasant Prairie the biggest thing we do is provide service to our residents, whether it's sewer, water, streets, fire, police, rescue. We provide valuable services that they come to expect. And every year we ask our people to do a little more with less, and this year we're actually asking them to do with less personnel. We're already the highest return for tax dollars for service provided, yet being the lowest, as Mike said, in the State in our grouping, what we charge our residents.

It's kind of a shame because in the State they reward cities and villages that have high tax levies and reward them and give them money to help them cut. But yet when you're at the bottom and you're the lowest having done a good job for year after year after year there is no reward. Something is wrong. But this year it's going to be even harder. We saw what happened last year with the winter of '07/'08. We saw across the State how cities, towns, villages suffered, counties when it came to snow removal, the cost, the burden, the shortage of salt. And this year we're going into it with even higher salt prices not knowing what it's going to be in the future here.

I don't think there's much left to cut, Clyde. Luckily it's something that's not going to have an impact on the people doing their jobs in this Village. We keep putting things off and hopefully they won't impact the service if the people doing the jobs keep doing it and doing it better. And hopefully we give them at least the tools so they can do the job and get it done. So I've got to commend the staff for the work they did on this budget.

Steve Kumorkiewicz:

Pretty much everything I wanted to say was said by Clyde and Mike. The great job that the staff is doing in putting this budget together. I had a chance to talk with another community's elected officials in the State. They just can't figure out how we can run our department with this tax rate that we've got and provide all the service. People complain in areas where they don't have the money to put a fire house to put one fire truck. We have two stations. We've got well maintained equipment. I've lived here for . . . I moved here in 1964. So I've got 45 years in the community almost and I see what is done now under the leadership of Mike.

Originally I was opposed to Mike being hired as Administrator publically and The following year I said I made a mistake. He's the best thing that could happen to us. He's a very able and capable Administrator. So I made a mistake at that time and I recognize it. I can see more and more from that time until now it was the best choice of the Town Board at the time made to have Mike as an Administrator.

As I say, talking with the other communities and seeing what they have to offer compared with what we have here it's unbelievable. Our mill rate is low. I believe the breaking point in taxes is you pay the tax rate over \$5 in the State . . . correct. It used to be \$5 mill rate?

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Mike Pollocoff:

Once the community's mill rate achieves \$5 per thousand then the State will start sending you more aid because your taxes are higher.

Steve Kumorkiewicz:

That hasn't happened to us. We're trying to say we're frugal and that happens. We don't get anything for that. It's an annoying situation for the community actually to say we're doing it. There's not too much that can be said besides that. But I'm very proud of this town that we've got here and the job that they do, all the service, all the departments. Thank you, Mike. Thank you everybody.

Monica Yuhas:

What is the cost of the projector that we would need for the Village Hall?

Mike Pollocoff:

It was \$5,000 to \$6,000.

Monica Yuhas:

What is the cost of the projector?

Mike Pollocoff:

Between \$5,000 and \$6,000.

Monica Yuhas:

So if we were to take \$6,000 off of that \$30,500 and instead of taking it out of the budget it's still going to remain on the levy, correct?

Mike Pollocoff:

The \$30,000?

Monica Yuhas:

Yes.

Mike Pollocoff:

I think that's what I understand Clyde to say.

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Monica Yuhas:

Then why can't we put that towards an employee? Is that an option with the cuts that have been made?

Mike Pollocoff:

Yes, we could do that. That would change the make up of the three funds. That could be done. The problem is none of the employees that I laid off today that wouldn't bring them back. It would get us part way there. It wouldn't get us—none of those classifications they're not in a position where I could say you're going to get less pay. If you want to bring back an employee we'd have to cut some more money in the budget.

Monica Yuhas:

So they couldn't even come back part time? You couldn't offer that to them as an option?

Mike Pollocoff:

We could, but that would be probably the lowest paid person that we laid off today. By the time they had their benefits and everything like that would be probably just at \$50,000. So we could eliminate all their benefits and maybe get them with no benefits other than the ones we have to pay such as Workman's Comp. and Social Security. We could offer them and see if they wanted to take a half time job. We could do that. That would be one option. At least make the offer. That would be something. \$25,000 would probably more than cover a part-time position.

As a municipality and Carol probably knows we're close to 350 employees that work for the Village of Pleasant Prairie. Out of the 350, 135 are full-time people. Of course, the majority of the part-time people are at RecPlex. Public works has part time and dispatch has part time. There are a number of part-time positions. That's one of the ways we try to control costs. A lot of the positions we utilize, with probably the exception of some of the clerical positions, and even then they're skilled positions. You're not going to find part-time people that always do those. Sometimes we're lucky and we do. But for the full-time positions those are skilled positions.

And the problem is that the impact on the budget the way we're talking about for the cuts we had to make, you almost have to get rid or eliminate full-time positions and you'd like to get rid of positions in a dire need where you need the money that are on the higher end. Well, the truth of the matter is you can't eliminate a clerical position in planning or a planners position in planning that might be at \$70,000 because a clerical person is not going to do the planner's work. In this case we're telling the planner you're going to have to pick up more clerical work and that's how we're picking it up. If that money is set aside and we could bring somebody back that would be an alternative. My concern and one of the reasons I'm recommending we keep the capital equipment intact is that if the downturn is worse than we anticipate that would be our next source of revenues rather than laying people off.

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John hit it right on the head. We are a labor intensive organization. We provide services for people to clean the streets, snow, clean the storm sewers, protect them with police and fire. We do have heavy equipment we use but our budget is labor. We rely on the property tax to a smaller degree than other municipalities. I know some people would indicate that any property tax is too high, but when you compare it to our peers our portion of property tax is smaller but we rely on fees to a greater degree than other municipalities. We do that because of where we are and how we're made up, that we're a growing community and as that growth comes in we've depended on that growth to help pay for its way so that the taxpayers aren't paying for it. Well, as that fluctuates that's what makes it difficult for us.

This year we've built as of today 30 homes have been built in the Village. Usually we run around 200 homes. Commercial has been really strong this year, stronger than ever. We don't have a lot coming in that we know of. We have larger projects that are going to keep us busy throughout the year and generate permit fees, but if the recession we're in on a national basis proves to be deeper than we think, and right now I haven't seen anybody that's been any good at predicting what the economy is going to do, our next backstop would be to start cutting back some of those capital programs in order to, again, keep people on board who are providing the essential services.

We've budgeted for the auditorium improvements, and we've wanted to do that because there have been people who have indicated they want to be able to watch these board meetings on TV. We want to be sure there's improvements here so people can hear what we're saying, can see the things that are being described, and be able to visualize on a projector some orthophotographs so people can understand what's going on. You need a really good projector to do that. Frankly, that's not one of my high priorities. It was in the budget because we've talked about it, but I wouldn't recommend spending that money until the very end.

There are a few things, even some of the equipment, I've already told the department heads we're not going to start January 1 purchasing all of the equipment. Some of the things are essential like the police cars and the rescue squad. It takes a year to get a rescue squad anyway. So if we order it now we won't pay for it until the end of the year. Get those things underway, but some of these capital projects we're going to wait and make sure the economy is holding up and we should get it.

So as much as I don't like laying people off, I don't want to do it again. I want to make sure that we're in one piece. So if we don't spend that money on anything else in here, that money will be in capital and we'll either use it in a successive year to spend it on capital that we really need. \$25,000 is a police car. I'd much rather make sure we have another police car or that all the radios in the police cars are working than having nicer lights in here or a jazzed up sound system for TV. Although that's there. There's something to be said for that.

But I think the department heads put together an excellent budget. We ask the department heads when we start this project every year tell us everything that you need. Don't leave something out so the Board can see where you're going and what your needs are and they did that. The budgets came in in August and September. By the time we were working half way through analyzing it, it was a completely different world of what we're looking at. Some people might think why are the departments asking for so much or why do we have all these things in here like lights and sound

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systems, when this was put into our capital budget that we did last year it was a different world than it is today. So that's why that's there.

I think as a matter of practice, and it's one of the things we talked about in the working session, is instead of having capital go out the door day one which is what we've been able to do typically, capital is going to go out the door towards the end of the budget cycle rather than beginning of the cycle. More than just the sound system and the lights. Anything on that capital list that we feel we can hang on to for a while longer that's what I'm going to do. That's my recommendation.

I don't have any problem not getting lights and the sound system. But I really think the rest of those items there's not much else on that capital budget that we don't need. Some things save us money. You look at the tarps for ball fields, if we get those that's the less people that we have to hire in the summer to run around and get fields prepped. That's a savings to us. It pays itself off. But the bulk of what Kathy described in our capital improvement program is essential things, and we're going to be able with this budget continue to make road improvements on 85th Street like we did on 80th, get 116th Street that's the next big road that needs to be done, plus do some repave of existing roads in the Village.

In a tight budget if we can get that capital work done, still deliver our essential services and get it done for \$20 more a year I think that's my recommendation to you. That's probably the best general fund budget in this time that we can put together. We could go for less but we need to identify what services we need to reduce or what capital we don't want to purchase. The capital doesn't get less expensive as you wait on it. We've learned that the hard way when we lived under a freeze that caused us to spend more later.

With that on this portion, this is probably the most important portion, I'd recommend that the Board authorize a public hearing to be held for the general fund budget, including debt service and capital at 6:30 on December 4th. It will be posted in the Village Hall. We'll be posting it on the website, and we'll be taking out a class notice in the *Kenosha News* to notify the meeting. And that be acted on and then we proceed with the enterprise budgets after that.

Mike Serpe:

I'd make that motion.

Monica Yuhas:

Second.

John Steinbrink:

Motion by Mike, second by Monica.

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SERPE MOVED TO SET A PUBLIC HEARING TO BE HELD ON THE GENERAL FUND BUDGET, INCLUDING DEBT SERVICE AND CAPITAL ON DECEMBER 4, 2008 AT 6:30 P.M.; SECONDED BY YUHAS; MOTION CARRIED 5-0.

Kathy Goessl:

So we move on to the sewer and water utility. What I'm going to go over again in this area is new programs, capital equipment and projects, the water utility operating budget including non-operating and cash balance, and the same for the sewer utility, operating, non-operating and cash balance.

These are the new programs requested by the sewer and water utility. There's two out of about the ten here that have been recommended for approval. In the water and sewer there's training for cross-connection control and valve exercising for \$3,860. And for the sewer utility a required repair south Kenosha sewer manhole and service connection of almost \$80,000. The rest of the programs that were requested have been declined in terms of recommendation to approve. The sewer utility budget especially also the economy has affected that budget in terms of connection fees. That's a big revenue source for the sewer utility when there's development going on.

Two years ago, 2007, we collected over \$200,000, almost \$300,000, in connection fees. This year we're in the low hundreds in connection fees. So we're not recommending the treatment plant operator II promotion, the creation of a new position, utility laborer position 1 and utility laborer position 2, inflow and infiltration for \$170,000, painting of all the lift stations for \$10,000, mechanical maintenance repair training for \$3,500 or the mechanic allocation part-time mechanic for \$1,600. So total recommended is \$83,000.

For the capital equipment basically the only capital equipment that's recommended within the water or the water utility itself is the Travis City hydrant replacement for \$20,000. The majority of the rest of the equipment that was requested has been transferred to the internal service fund to be evaluated per useful life and the life that's currently on the equipment. That's a list of almost ten items there. If you drop down to the end of the list in the water utility a water meter upgrade has been not recommended or a tool cabinet for flammable materials in the sewer utility. So total recommended is a little over \$20,000 out of the \$447,000 requested.

Capital project-wise all capital projects requested have been approved or recommended. It's a little over \$1.2 million. The Sewer D gravity sanitary sewer and land acquisition, by 2010 we need to shut down the Sewer D treatment plant and we need to begin the construction of the gravity sanitary sewer line and acquire land for that project. For the water, I-94 water tower maintenance is actually a painting of the I-94 water tower. We had it in the budget for this year, but when we went out for bid it was four times as much as we had budgeted. So we actually budgeted 50 percent of that painting in the 2009 budget and another 50 percent in 2010 to be painted in 2010.

Pleasant Homes water main it's a continuation of that project, another section of that subdivision, and also Carol Beach water system improvement, another replacement of a water main, another

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section within the Carol Beach area for a total of \$1.2 million of capital project-type improvements.

Mike Serpe:

Kathy, before you go onto the next slide, on the I-94 water tower, the amount of money that looks out of sight, but as I understand it's the maintenance of the outside and inside of the tank, not just the outside?

Mike Pollocoff:

Right.

Mike Serpe:

So a gallon of Rustoleum doesn't cost \$214,000.

Mike Pollocoff:

No, it needs to be blasted and then brought back up. We can't use Rustoleum. It's a special paint we use to deal with that. But those numbers are still crazy. We did it a few years ago for, like I say, about a fourth of the cost. With the economy maybe the prices will get a little bit more real, too.

Mike Serpe:

In case somebody questioned that amount for just painting it, it looks a little bit out of sight but it's the entire which our part-time employee Monica had pointed out to me that that's the reason it's so expensive.

Steve Kumorkiewicz:

What kind of paint is it, an epoxy type paint?

Mike Pollocoff:

Yes.

Kathy Goessl:

Also in the sewer utility this year there is also a TID #2 project, Lake View lift station improvements for \$360,000. This is part of the amended TID #2, amendment number three project plan.

Now we're going into the actual operating section and non-operating and cash balance information for the water utility. This is the proposed budget for the water utility. The operating

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revenues are proposed to go up \$182,000, a four percent increase. The increase is due to slight growth and then full year of certain customers that have joined us this past year. And also passing on a three percent rate increase from the Kenosha Water Utility.

Operating expenses, purchased water, we purchase all our water from the City of Kenosha, and we have a rate increase there. That amount fluctuates based on usage, plus we have a three percent rate increase build into that number that's being given to us by the Kenosha Water Utility. Depreciation is the use of the assets, infrastructures for the water utility and we have a slight increase there. Wages and benefits show a three percent increase. It's a small increase. The utilities, both sewer and water, have eight full-time employees and two part-time employees. These employees are allocated between the sewer and water utility dependent on demand. Operations and maintenance we have a decrease in that area, and that's mainly due to the fleet internal service fund offset by inflationary increases. We have total operating for this utility going up six percent. The majority of the increase is in the purchased water area.

New program requests that we identified earlier is the cross connect control and valve exercising training for \$3,860. So we're looking at a total operating gain for the utility projected or budgeted at \$843,860, pretty much similar to what we have budgeted for this year.

Non-operating-wise we have interest income reduced from last year due to the lower interest rate. Our debt expense is going down. We have not borrowed in the water utility for a number of years, therefore as our debt principal goes down our interest goes down, a reduction of \$50,000 in the debt category.

Transfer, we transfer our tower leases from the water utility. These are leases on towers on our booster station as well as our water towers. We transfer that to support the therapeutic rec program at RecPlex. The least amounts have increased on some of the leases and plus we have additional leases, therefore there's an increase of \$31,000 being transferred. Tax equivalent is going up. That's the transfer to the general government for the utility tax on the assets owned by the water utility. So we're looking at a net gain or loss of \$165,000 down slightly from last year by \$20,000.

Beginning cash balance actual is \$865,000 at the beginning of 2008. We're looking at an estimated change of reduction of \$120,000 ending the year at a little over \$700,000 in cash in the water utility. The proposed budget would increase the cash flow \$21,000 to end the year at \$760,000 in the water utility cash balance.

Now we switch gears and we go to the sewer utility and review the same financial information for that utility. In the same format as the water utility, the operating section starts with operating revenue. Operating revenue increases due to growth and a full year of the rate increase. Our last increase was May 2007 so 2008 reflects the full rate increase. But we're also proposing a rate increase for 2009 to pass on the rate increase that Kenosha Water Utility is giving us of three percent.

Treatment expense is our largest expense in this utility, and the Kenosha Water Utility, again, is passing just the same as water a three percent rate increase on to us, so that increase mainly is due

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to the three percent rate increase from Kenosha as well as increase due to slight growth. Depreciation is increasing slightly from donations from developers in the past. Wages and benefits are up five percent mainly due to annual increases and step increases and, again, allocation based between the sewer and water utility.

Operating is pretty much even from last year. There's an internal service fund impact here as well as inflationary, especially the fuel and electric area. New program-wise we discussed the new program which is the South Kenosha sewer manhole and service connection project for \$80,000. This utility would be ending the year at a net operating gain of just over zero, \$2,600 operating gain, a reduction from last year's operating gain. We're mainly concerned about the cash flow for the utility more than a huge operating gain for any of our enterprise funds.

Non-operating-wise interest income is up a little bit. We did some borrowing this last year and we're proposing to borrow at the end of this year and beginning of next year which will have some interest income effects. Debt here is also down. We have been borrowing in the sewer utility but not large amounts or every year, so interest has declined. We also did a refinancing that affected the sewer utility, water utility and the general government saving over \$100,000 in principal and interest payments. Part of the effect here is in the sewer utility. So our next loss after non-operating is a loss of \$206,000 a worse loss than we're proposing for this year or we're ending this year at.

But what we're concerned about is the whole cash balance and where we're at with the utility. The sewer utility has a required DNR replacement fund that is funded each year based on a formula from the DNR. We almost have \$1 million in that fund by the end of 2009 which is an increase of \$43,000 over ending 2008. Bond proceeds, if the conditions are right we're proposing to borrow \$825,000 for this utility either in December, January or February depending on market conditions. Available is money that's not restricted in terms of either a DNR replacement or bond proceeds. At the end of 2008 \$215,000, end of 2009 with the budget being proposed a little over \$700,000 as the cash available. So our total ending cash for this utility end of 2008 about \$2 million, and then 2009 \$1.7 million.

Any questions on the sewer and water utility? We are proposing to pass the rate increase on from the City of Kenosha for both the sewer and water utility.

John Steinbrink:

Any questions?

Steve Kumorkiewicz:

Mike, you're not going to negotiate a deal with the City?

Mike Pollocoff:

Negotiate a deal with the City?

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Steve Kumorkiewicz:

Yes.

Mike Pollocoff:

No.

Steve Kumorkiewicz:

So that's what it is and that's it?

Mike Pollocoff:

They just tell you and that's it.

Steve Kumorkiewicz:

I want to make sure everybody knows that we don't set the rates. They set the rates for us.

Kathy Goessl:

We have the clean water fund budget. Clean water is a storm water utility and it charges for the clean water or the rain water, snow water that falls on the ground. This is the proposed 2009 operating budget for the clean water utility. Revenue-wise we're looking at an increase of over \$100,000. We're proposing a 25 cents per ERU increase in this utility. Our current ERU is \$3 per ERU. In past budgets we were looking at bigger jumps of \$1 to \$4 or \$5 type increases, but we're recommending more of a gradual increase over time instead of the jumps to \$1. So we're proposing \$3.25 per ERU.

Expensive-wise, personnel is increasing a little over \$100,000. We allocated an additional employee of our public works area hours-wise into this utility. There are a lot of mandated things that need to be done that has been postponed. And so we have switched some of the hours from our public works area over to this area to get some of these mandates completed.

Contractual services is pretty much even from the previous budget. Supplies and maintenance and insurance is down. That's the transfer out to the internal service fund of items within those two categories. Depreciation is the depreciation on the storm infrastructure. As development had given us additional infrastructure the appreciation increases. Internal service fund charged to this utility both operating and capital is \$122,000, and so the grand total for this fund is an increase of about \$268,000 operating expenses for the utility. So our net operating gain is down from the previous year and the main purpose is the internal service fund plus additional personnel that we're putting into this utility to get some of the mandates completed.

This is what the capital proposed 2009 budget. I have a summary her of the 2008 estimated what we spent in capital purchases and the 2009 budget. This shows what money has been spent this

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year and what we're proposing the money that we've collected from this \$3 ERU fee to be used for. This past year we purchased a street sweeper for \$199,000, plow control updated for almost \$40,000, a Gradall with bucket for \$182,500, and we're proposing for next year a street sweeping debris collection system for \$15,000.

Projects that we've worked on this year is 114th Street/Sheridan Road storm repair for almost \$83,000. 80th Street extension had storm improvements also included for \$200,000. Carol Beach Unit 1 \$34,000 worth of engineering-type expenses. Carol Beach Unit 2 this year engineering and then next year \$400,000 for the actual storm improvements in that area. And then 85th Street also includes some storm improvements for \$355,000. So the two years, this year and the proposed 2009 budget, we spent \$700,000 around in this fund to do improvements or purchase equipment necessary to accomplish the mandates that we were asked to do.

So, again, with the cash flow and how much cash do we have in this fund, we started the year out this year at about a half a million dollars. Our revenues from the ERU charges to our residents brought in \$850,000. Our operating expenses to operate this fund cost \$340,000, capital \$663,000, and then other revenue sources is about \$40,000. That's basically like special assessment revenue, interest income, those type of revenue sources, estimating an ending cash balance of \$400,000 for this year.

What do we do with our money that we have in this fund? One of our goals is to save for the Des Plaines watershed improvements. And our goal is to save almost like \$50,000 a year for these improvements. And so 2008 was the first year to start this accumulation of funds for this project. So we have \$48,334 reserved for that. And then future replacement of infrastructure is our goal, to accumulate funds to replace future infrastructure without having to borrow in the future. So that's where the remaining money, whatever is left over, should be used for.

This year and next year basically unplanned at the time was 80th Street and 85th Street. We knew those two projects were happening but didn't take into consideration that they had storm improvements along with them. So during this budget process we had identified that, and the storm water utility is benefitting from these improvements so, therefore, are paying for that portion of those two projects.

Budgeted for 2009 you start out with a \$400,000 cash balance, revenues with the increase of 25 cents per ERU is \$919,000 revenue. Operating expenses a little over half a million dollars mainly due to the stuff I mentioned on the earlier slide and personnel increases and the whole internal service fund concept. Capital identified on the previous slide of \$700,000, and then other revenue sources, interest income, special assessments and that type of resources, ending the year at just \$138,000 even with our 25 cent ERU increase. Again, we add another almost \$50,000 for the Des Plaines, and then we don't have much left for future replacement. We actually deteriorated that cash balance with the projects that we completed.

You can see the next three years out and how we're planning or have planned where our revenues were at. Right now it looks like we have planned at 25 cent increase each year for the revenues to bring it up. And operating expenses to be inflationary mainly, every once in a while jumping another person in that area or number of hours in that area and looking at different projects is in

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our booklets that you have that shows the actual detail behind those projects. So if we stick to the plan for the next five years you'll end up with about \$700,000 in funds, \$241,000 being reserved for the Des Plaines and the rest being available for future replacing of infrastructure. Are there any questions or discussions on the clean water fund?

Mike Serpe:

Mike, I just have one. Do we know what other municipalities are doing with their ERUs? Do they go on an annual increase or do they do the different formula?

Mike Pollocoff:

The communities that are under the federal guidelines for clean water some aren't doing it on ERUs, they're doing it based on units, if you've got a house you get a fee. But everybody is adjusting them up just as we're adjusting them up as we start dealing with the costs and expenses that are going into it. The rules aren't completely written yet on what standards we're going to have to achieve. That's still evolving. So I think the approach that we followed in establishing that \$3 level, and then our initial through our grant with the DNR we're looking at \$1 increase up until we got to \$5. But after Kathy and John worked on the capital plan we feel like we can do that for a lot less and just have it increase by 25 cents.

We still have to remain diligent on making sure that these projects that we are doing we've got to come in on budget. The Unit 2 project is exceeding budget right now because there's been a lot of additional work in engineering for requests of the neighbors to modify plans or review the plans and we'll be going to the DNR for hearings. So those are going to be costs that we don't want to absorb in the project completely. That's going to have to come back to special assessment so we don't get out of formula.

If we stay within the projected capital plan and the estimates that we have in there then we're going to be okay. We can't give this away. As new improvements are made they're going to have to be funded at 50 percent by the people who want them, and then once those are in and those improvements are accepted and dedicated and they're an asset of the utility, the eventual replacement, and it's not up there, but that eventual replacement fund is the fund that's going to be able to replace those storm lines without going out and borrowing to do it. That's really the way we set this up is those minor increases over time and being judicious in how we do additional work means that people aren't going to be faced with a lot of debt in this utility.

Mike Serpe:

One other question, Mike. In the past when the Village had a 50/50 split, and we still do, on storm water installation, prior to these clean water utility which account did the Village's portion come out of?

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Mike Pollocoff:

It came out of the tax roll. It used to be at one point we would take 75 percent. You could probably make an argument as time goes on that it shouldn't be 50 percent, it should be maybe 25 percent. When new development goes in the people that live in new development pay 100 percent. There's some oversizing that we'll pay for. You really can't attribute everything to that development. But one thing this has done is taken it off the tax roll and it operates just the sewer and water utility.

Kathy Goessl:

On the solid waste fund we're postponing the 2009 budget proposal because just this last Friday One Source recycling notified the Village in an e-mail letting them know that the Village would now need to pay \$10 per ton to dispose of our recyclables. One Source was paying us \$3 per ton, and the Village needs to bring the recyclables to Rockford, Illinois where in the past One Source was picking it up for free. So that has really thrown a kink in our budget. So in the next week or two we're re-evaluating the cost and what we can do with this last minute notification from One Source, and then we'll bring the budget forward in the next couple of weeks for the recycling.

So in summary our 2009 budget proposals in the general fund we're looking at a levy proposal of \$3.38 per thousand. That's a 10 cent increase. A \$20 increase for an average residential or a median residential home. We're proposing a sewer rate increase of three percent, to pass on the three percent that was given to us by the City of Kenosha. Our treatment expense is our largest expense and Kenosha has raised our rates effective December 31st three percent across the board.

The water rate increase we're proposing in this budget is 1.3 percent. The Public Service Commission actually regulates our water rates, and we can automatically get a rate increase due to purchased water adjustment, and that purchased water adjustment increase would be 1.3 percent without going to the Public Service Commission for a full blown rate study. And we're also recommending the clean water increase of 25 cents per ERU.

Mike Pollocoff:

I'd recommend that these budgets, with the exception of solid waste and we may have that ready by that time, also be brought forth and adopted on December 4th at the general fund public hearing.

Clyde Allen:

So moved.

Steve Kumorkiewicz:

Second.

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John Steinbrink:

Motion by Clyde, second by Steve. Any further discussion? Solid waste is an example of how global even our garbage is. When China quits buying recyclables it affects us all the way here in Pleasant Prairie.

Mike Pollocoff:

I had a visit with our attorney at length today and we're working up a letter and maybe a notice really, not a letter. But, that's one of the things that we contract for. We contract out that liability. We're not assuming that if something doesn't happen we're going to store the materials. We contract it and allow them to have contract to those materials. His responsibilities and our responsibilities were identified in the contract. There was no force majeure that says I can get out of this one when I want. I guess in the meantime we're going to get it all collected and get it out, but that's something we're going to have to work on a parallel course.

John Steinbrink:

We have a motion and a second.

ALLEN MOVED TO SERPE MOVED TO SET A PUBLIC HEARING TO BE HELD ON THE SEWER, WATER AND CLEAN WATER FUND UTILITIES BUDGETS ON DECEMBER 4, 2008 AT 6:30 P.M.; SECONDED BY YUHAS; MOTION CARRIED 5-0.

5. VILLAGE BOARD COMMENTS – None.

6. ADJOURNMENT

YUHAS MOVED TO ADJOURN THE MEETING; SECONDED BY SERPE; MOTION CARRIED 5-0 AND MEETING ADJOURNED AT 7:40 P.M.