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
December 4, 2008
6:30 p.m.

A Special Meeting of the Pleasant Prairie Village Board was held on Thursday, December 4, 2008. Meeting called to order at 6:30 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/Treasurer and Jane Romanowski, Village Clerk.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PRESENTATION OF 2009 BUDGET

Kathy Goessl:

> This chart on the overhead on the wall shows the different budgets we'll be looking at this evening. The ones in the greenish yellow have already been presented publically on November 10th. All the ones in the blue have not been presented publically except for the recreation enterprise which was presented to the Rec Commission a couple weeks ago. So we'll be going over pretty quickly the yellowish green ones. Some of the other ones that are in blue are pretty short, too. The rec enterprise is probably the longest one we have here this evening.
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> We'll start out with general government. General government is broken into three areas, operating, capital and debt. We'll start with operating. This is the revenue summary and the expense summary for general government. It has last year's budget on here. The original 2009 proposed budget there's some minor amendments since we first presented this a couple weeks ago and then the proposed budget that we're asking to be passed this evening with a change from the proposed to the 2008 budget.
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> Revenue-wise we have the property tax revenue here with a 9 percent increase in the operating section. This is because some money has been transferred or kind of allocated out between capital and debt. Other revenues include intergovernmental, license and permits, other taxes, public charges. And then there's new programs here and new programs is basically some increases in some building permit fees and an invoice for any ordinance amendments we may have for a development project.
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> Expense-wise you can see the same comparison. In total the expenses are going up 5 percent. We have the biggest increase in public works, and the main reason for that is due to our change in accounting and we talked about this at our November meeting, creating the internal service for

our fleet, the fleet just for public works, utilities, engineering, parks. Therefore, the actual capital portion is not going to be charged out as an hourly fee to public works instead of being in the capital fund. So that creates, and public works has a lot of equipment that they use and, therefore, that capital is built right into the operating section of our budget now. That's the major increase there.

Otherwise you can see 3 percent in public safety, a little bit greater percent in general government. What you see at the bottom, the program reductions there, the largest is over $200,000. That's actually three people being laid off or transferred to a different area, therefore saving the general government a little over $200,000. So there's actually a net increase. This is not a totally balanced budget because we need to bring our reserves back up to 15 percent. To do that we needed to have the revenues be greater than the expenditures on this budget.

We just went through a conference call with our rating agencies just last week because we went out for a bond offering, and they always ask that question about our reserves. We did slip under the 15 percent reserve this year due to the decrease in building permits and also because of increased expenditures due to the large snowfall we had last winter. So they were concerned about that but they were impressed in terms of how we were able to balance the budget this year to bring that reserve back up to 15 percent.

Mike Serpe:

When does that rating come out, Kathy?

Kathy Goessl:

The rating actually came out already. We have some good news. Standard and Poors actually upgraded us from a AA- to a AA. And Moody's kept us at the current rating we have with a positive outlook. Positive outlooks pretty much mean we're pretty close to being upgraded with them also if we keep going the same direction we are going. So we were very pleasantly surprised. Actually I didn't found out until today that they actually increased our rating.

In the general government area I just have a couple graphs here to show what is changing. The black on there is last year and the blue is this year. My graph has red and blue. So property taxes are pretty much as a percent-wise the same amount of our budget for the operating section. Intergovernmental which includes shared revenue from the State us up from 18 percent to 24 percent and that is mainly due to our utility tax portion of our shared revenue increasing $919,000. That's from the power plant being given back to the Village. The per capita portion of it stayed the same as last year at $269,532.

For licenses and permits you see a decrease there from 12 percent to 6 percent, and that decrease is mainly due to the economic times we have and our residential development being down. Mainly building permits which is down about $400,000 from 2008. Building permits is the main category in that licenses and permits area making up 67 percent of that area. Zoning permits are also down. They're connected in terms of development versus building permits and zoning permits. They're also down $125,000 from last year. And in the assessing area we have a record maintenance fee for new developments and they are also down 7 percent or $40,000.

Other taxes are basically level in terms of percent-wise. That includes mobile home taxes, our utility tax from our water utility, which is a little over $585,000. That's the water utility paying us like a taxpayer through a utility tax equivalent instead of a property tax bill. Also included in this category are property tax penalties and hotel and motel taxes.

Public charges for services are up slightly from 8 percent to 9 percent, and in this category the main reason for this is, first of all, the rescues are actual rescue calls up from last year. And we're budgeting about $140,000 more in rescue. Also, we now have a new franchise fee on cable service and we're budgeting $200,000 for next year on that which this year we had very little. We had a slight amount but we just started actually receiving it this third quarter. We got $54,000 from Time Warner and a lot smaller amount from AT&T, a couple thousand dollars. Also in this area is street lighting and also IT services and engineering department services.

In the other category this includes our municipal court revenue at $250,000 which has been budgeted the same as last year. Interest income is down due to the interest rate that we're receiving on our money by $70,000. Assessing contracts are steady at $278,000. We also have a school liaison officer and that's steady also at $60,000. And then tower leases are up $21,000 to $70,000 that we receive from tower leases like the tower out here at Village Hall.

New programs pretty much are a very, very small amount there. There's just a small personnel adjustment that we're requesting as a new program.

Here are the changes, actually in dollars, in these different categories. You can see licenses and permits is a big negative of almost $627,000. Intergovernmental revenue is up mainly due to the increase in utility tax from the power plant. You have public charges for service up due mainly to the franchise fee and rescue. And then other revenues are up slightly, and then the new program, as I mentioned, is up also. That program is actually on the revenue side of things is the increase in permit fees and also charging developers if there needs to be an ordinance change. Overall our revenues are up almost $879,000.

On the expense side of general government these are the different categories we have for the expense side. We have public safety which includes our police, fire and rescue and inspection. The main increase here is mainly due to personnel, step increases, inflationary increases on our benefits.

Public works-wise this includes engineering and our street department and also our street lighting district. The main reason for the increase in this area, as I mentioned before, is our fleet internal service fund charge of a capital portion which equivocates to a little over $210,000.

General government includes the Village Board, municipal court, administration, HR, IT, finance, assessing, and there's an increase here in personnel, increase in some insurance as the main increases there. Community development is an increase in personnel expense offset by reduction in legal expense making a very small increase for that department. Park are up 4 percent over last year's budget mainly inflationary. And our new program here is a personnel change, a promotion of a $12,000 increase of salary and benefits. Program reductions, as I mentioned before, is the layoff and transfer of three full-time equivalent employees for a total increase here of a little over half a million dollars in expenditures.

Now we're switching from the actual operating section to our capital section of our general government. This is just a summary of our capital. We did go over all the new capital programs we were proposing and not recommending. There's an increase here in property taxes to fund the additional capital outlay we're looking at. Our capital a couple years ago was when the debt reduces we take that money from the debt and we move it over into capital and we've done that plus a little bit more into the capital area.

Grant-wise the majority of the grant is for reconstruction of 85th Street. Impact fees - there's a decrease. Impact fees are related to development and development is down and, therefore, our collection of impact fees are down. Other revenues include interest and impact fees being actually used and also sale of equipment. So we have a total increase here of revenue of $1.5 million mainly due our grant of $1.2 million.

Capital outlay is also up for this year. The main capital projects that we are including in that number is 85th Street reconstruction for $2,850,000, road maintenance which is basically road resurfacing for a little over a half a million dollars, and an ambulance for a little over $200,000, and 116th Street reconstruction, just the engineering portion to get that started, of $176,000. Those are the main four projects, and the rest of the dollar amount is made of up smaller projects that we discussed at our November meeting.

We are borrowing or planning to borrow for 85th Street the amount that's not covered by the grant, and also for 116th Street reconstruction, the engineering portion of that project. We have some issuance expense to issue the debt, and so we have here the net gain or loss in our fund balance in the capital project fund. We're actually using more money than we're bringing in on this fund, which is not really a big deal. Basically whatever we have in there is used for capital and we use more or less and just make sure we don't go into the negative amount. This just means we're reducing the balance by $100,000 and we still have a little bit of money left in that fund.

Our third component of the general government is debt service. This is a summary of general debt service fund. The tax levy here actually went down $250,000. The tax levy is based on the amount of money that we need to pay our principal and interest payments. And you can see in the second section of that our principal and interest payments are being reduced by $240,000. Therefore, we can reduce our tax levy allocated to this fund.

We also have special assessment income in this fund which is increasing based on historical payments and what we have outstanding in this fund to be paid. And then we estimate interest income pretty similar. So this fund we always balance right now at a revenue equaling the expenditures with a net gain or loss in this fund of zero.

This is a summary of our total general government. Its property tax–here's the three different segments, operating, debt and capital. So it summarizes the property tax. As I said, we have three different components of our general government, operating, debt and capital that I just went over. This just summarizes the major components of the revenues and expenditures in each of these different funds. Property tax in total for all three of these funds will total a little less than $8.5 million, and that's what we're asking to levy from the Village residents to cover the operations of the Village. The tax levy is only used in this area. All of our other enterprise funds and other funds do not require property tax dollars other than the TIDs which are actually tax incremental dollars and not the regular property tax dollars.

Other revenue sources total a little over $8 million. Expenses of $18 million, we're looking at borrowing $1.8 million. You can see the net changes in each of these funds. As I mentioned earlier operating has a positive net change to make up for the basic not being at 15 percent at the end of 2008 or what we're not estimating to be at 15 percent. Capital is using a little bit more than what we have, but you can see capital still has a sizeable fund balance, most of that being actually impact fees.

So you can see a summary of the fund balances. We start out a little over $4 million in fund balance anticipated at the beginning of this coming year, and then at the end of this budget year we're looking at just being a little over $4.2 million. What the rating agencies really look at is that operating line, and you can see we have brought it up to 15 percent, the unreserved portion. Our unreserved portion backs out. We have a loan to our sewer utility of $600,000. We have to back that out and there's a couple other things that aren't unreserved that we have to back out, and then our unreserved balanced is $1.7 million which is 15 percent of our total revenue.

Debt service basically all that's reserved for debt. And capital we just have 2 percent which is the amount that's not impact fee money. So the main thing they're concerned about and they always ask about is the 15 percent in the operating section. So this is the total summary of all the funds that operate our general government.

How does our total tax bill look? This is where your property tax dollars actually go. You can see Pleasant Prairie is actually the middle one, the green color. And the tallest one is Kenosha Unified School District at $8.90 per thousand. Kenosha County at $4.06 per thousand. The Village at $3.38 per thousand, up 10 cents from this year. Gateway Technical College is $1.24 and State of Wisconsin at 17 cents. All these totals are final totals. We have all the final levies, and the total here totals $17.75 per thousand with the Village accounting for only 19 percent.

This is a history of the Village's tax levy. You can see that we've been going down steadily for a number of years, and then we went up slightly last year and we're proposing a slight increase this year. So we're still far below where we were in 2002 at $4.46 per thousand.

So this is the government section, and this is a new section which is going to be pretty short. It's the Tax Incremental Districts. We have two Tax Incremental Districts. The first one and our largest one is Tax Increment District #2. The property tax increment, that's the biggest revenue source for this District, and I actually have four columns on here for this, our budget for last year, for 2008, and what we're estimating for 2008 and also our proposed for 2009. The budget changes on a regular basis in terms of the TID and what's happening, how the economy is going, what's come up and that type of thing. So the estimate is a good comparison of what is actually happening this year compared to what we're looking at happening for next year.

But the property tax increment is determined by the State of Wisconsin formula and it's based on the equalized value with or without TID. Our increment jumped a lot this year, almost up $1 million from last year. Land sales, we didn't budget anything for land sales last year. We did get a small amount for a sale of a small parcel with a house on it for $136,000, and then we're proposing to receive land sales. First of all the State of Wisconsin is looking at purchasing our frontage road and we're looking at the first installment for that of $1.9 million. Then we're also looking at hopefully selling some land and we're budgeting $1.2 million. The land sales of $1.2 million is all dependent on the economy and things happening. We don't want to sell just to sell but we want to make sure conditions are right and we get our best price for the land that we do sell. Other revenue includes interest income and special assessments which is up also from last year slightly.

Capital improvements we've been doing a lot this year and we are going to be doing a lot next year. The capital improvements is per TID #2, Amendment #3 project plan that was adopted in August of 2008 with an increase over last year's budget of a little over $400,000, but a little bit less of what we're actually estimating is going to happen this year of $15 million.

Debt activity shows a debt payment, new debt proceeds and refinancing which we did to help us save some interest. You can see there the new bond proceeds and the debt payments that we made in the TID. Fund balance you can also see the fund balance here where we're ending and starting. Basically this has a big impact on when we borrow and how fast we spend our capital money, because the rest of the money is used to pay the debt and pretty much structure to make the debt payments when the increments come in.

Then we have the smaller district, District #4, which is the blighted area, which is not blighted anymore, on the property located at 22nd Avenue and 91st Street. The project cost estimate was $715,000, and the developer has been financing the project. Once the improvements are made to the property, a big chunk has been made so far, $464,000 this year, and then next year the rest of the money, $270,000 at max, maybe less, will be spend by the developer to finish off what is needed to eliminate the blight from the property. Once improvements are made, tax increments are generated, and these increments will be used to reimburse the developer through a developer revenue bond.

For next year there was a very small increase in the property due to no buildings actually be built. Basically it was just cleaned up so the actual increment is $47, and that $47 will then be given back to the developer. For the future that increment will, of course, get bigger and hopefully pay for the total cost of the project. But there is a limit on the length of the project. I think it's 20 and some years, so whatever increment is generated it's then given back to the developer up to the max of what he spent plus the interest on the revenue development bond. So basically the Village is net net. Whatever comes in we give out and we just report what he has spent. So that's the tax incremental districts.

Another short area is special revenue funds. We actually have four special revenue funds that we budget for. They are fire and rescue, police, federally forfeited and our veterans' memorial. The revenues of these three funds total budget-wise that we're proposing for next year is a little over $20,000. This mainly is donations except for the federally forfeited which is sharing of federal funds when we confiscate drugs or that type of thing or help them solve a crime. Expense-wise it's mainly minor equipment. And the police fund is actually used to support our police dog. Our expenses total $21,000 for a net change, spending a little bit more than we're bringing in, of $1,200. You can see fund balances across the bottom and they're pretty much stable around the $30,000 mark.

The future for mainly the general government, the operating debt and capital that we set a couple years ago through a resolution is that the municipal levy limits will be at the rate allowed by the State, and the budget that was presented at the beginning and also on November 10th is at the limit that the State has set for us.

Debt service reductions, when debt service payments start to decline in 2009, which they will in 2009, you see the $200,000 reduction, to not decrease the levy but purchase capital and resurface roads or do road maintenance which we have done this year also.

We use impact fees to save existing taxpayer dollars. For 2008 we used impact fees to actually redesign our dispatch center. In 2009 we're going to use impact fees to purchase playground equipment for the north ball fields at Prairie Springs Park.

Borrow only for major Village-wide capital purchases, and we are doing that and we have done that this year, borrowing for the extension of 80th Street, also for bridge reconstruction on Lakeshore and also lights at Prairie Springs Park. This year we're borrowing only for major projects which is the 85th Street reconstruction.

Use fund balance only as a last resort. We did use fund balance this last year in 2008. We didn't know about the economy or who can plan for what has happened in the economy and that's why the fund balance is there. We used it for the snowfall. We couldn't have planned for that. We had it up to 15 percent and we used about half a million dollars dipping down into that fund balance. But we were able to bring it back through this budgeting process for 2009 back to the 15 percent.

So this is my first break in my presentation. Basically it's a three phase. This first part which is general government, the TIDs, the special revenue funds. We can break for any questions that you may have or continue on. My next section is basically all the enterprise funds except for RecPlex. And my third section is the RecPlex or recreational enterprise fund.

Mike Pollocoff:

Mr. President, one of the concepts of this budget, the department heads who were unfortunately preparing a budget that started in late June, they had their budget in August, and as we know the world changed in September from what we were looking at. We've reworked the budget with some staff cuts that were painful, eliminating staff. Eliminating positions that are vacant that's not as painful. But I think we believe we have this Village budget in a position to such a point that we're going to be able to respond to any future changes or downturns in the economy so, one, we're not going into reserves to be able to handle that and, secondly, we'd be in a position to focus on any future cuts we need to do.

I sincerely believe that the coming quarter is probably going to be as dismal and dark as anyone can imagine. It's never a high period of economic activity anyway, and given what's going on nothing is going to start at all to change I don't believe until January 20th. But I think it's going to be a difficult economic time which is probably not good news.

As such, my recommendation is that the Village backstop is the capital fund in the first instance. The capital fund is a lapping fund in the next year, and for those large ticket items, ambulances, trucks, any equipment that we can identify that we can put off toward the end of the budget cycle and making a decision on whether or not we're going to release those for bid we'll be doing that. Some things I'm not going to recommend we do that. We need to replace police cars. We need some radios that need to be replaced. We've got to replace those things that are going to have a direct immediate impact on essential operations.

That being said, I believe we're in a position to do everything that we do today, do it as well as we do, and I believe we do deliver a high quality level of service without any interruptions. That's the challenge that this government faces is to make sure that irrespective of what's going on in the outside economy that those essential services that people rely on day in and day out are being delivered and we're going to be able to do that.

With Kathy's comments on the change in the bond rating is significant. I think to be in this economy, as troubled and difficult as it is, for the Village to still be going up in a bond rating when many places are going down in bond ratings speaks well to the Board's policies on managing the fiscal affairs of the Village and our policies on pushing for economic development. That's going to be one of the things that's going to be hard for some people to come to grips with and to understand. But right now at this point in time this is the time when we take our plans and make sure they're tuned up and ready to go and we have those areas of the Village that we've identified for economic development that those things are ready so that we're in a position when we have the opportunity to secure an expansion of a business, a relocation of a business or the creation of a business that we're able to make that happen and we have the areas to do it.

It's a competitive market right now. Right now hardly anybody is moving but it is a competitive market, and those communities that have in place all the tools to enable somebody to relocate and develop and bring jobs here are the communities that are going to succeed and be able to handle that. So I don't believe we should have any retraction on what we've done because I think to do that and stop making that investment in our future in the TIF Districts is going to be counterproductive.

With that, I think that this is a sound budget. It's a fully functional budget. We're going to be able to accomplish the things we need to accomplish. There are increases in the budget but I believe they're increases that are going to ensure the level of services don't decline in a difficult period. If you have any questions for me and Kathy at this phase I'd be glad to respond.

Clyde Allen:

Mike and Kathy and all the department heads and employees we have it takes an awful lot of work to keep our reserve at 15 percent. When you really look at it that's pretty remarkable that we can maintain that knowing our bond rating went up to AA in today's economic times with government agencies failing and really in serious trouble and taxing bodies in serious trouble. Budgeting in a good economic climate is easy. In the good days it's real easy. I'm guessing this has got to be the toughest budget you've ever gone through. I had seen some in the past and none of that stuff is what you're going through right now.

It's pretty traumatic, like you say, when it affects personnel, not only you personally, not only the Village but the departments. They have to pick up the slack somewhere. It's a pretty traumatic experience. When I had asked when we were finishing up our budget hearings if there was anything–if you were given the charge to reduce this budget by one percent, two percent, what would you do where you're really stymied where you can't come up with an answer that wouldn't affect services it's a solid budget.

I can't find anything in here, as the rest of the Board couldn't find anything. I asked once before and I'm just going to reiterate it a little bit, being that there's small capital that isn't going to affect the tax levy at all, there's a small amount for visual and audio upgrades here in the auditorium in capital. Projector we need that's obvious. We can see the projector. The rest of the capital for upgrades here in the auditorium. My request is not to cut it but just to hold off spending unless you absolutely have to do it. Again, it's traumatic to lose personnel, and I think it would be nice to hold off some of those expenditures.

The other thing if I understood you correctly, and this is my final question is so some of the vehicles we would not take delivery to until 1/1/10 so that would actually roll capital a little bit?

Mike Pollocoff:

Right. Ambulance, snowplow, pickup trucks, a lot of the capital items that we can wait on I'm going to recommend we push those in and make a decision on those at the end of the third quarter to get them released in the fourth quarter for bid. The items that I'm going to recommend we do follow up on and go to bid immediately is police cars. All we're going to do is incur extensive maintenance if we don't replace those. I believe we have some radios that need to be replaced.
The paving program which is mid year, we probably do that in July, probably get a July/August bid, so we'd have that in September, but I think in the general fund that part of our budget that's supported by the property taxes where we're trying to maintain that reserve that's what I want to look at because we still have budgeted items for permits, building permits, development reviews. There are things happening. But to the extent that softens up even more, one, we're going to be looking to make further personnel adjustments to not let the general fund slide in the hole any farther. What I want to be able to do if that happens is be able to adjust personnel into different departments so we can keep those people on the string and pull them back. But the other thing is to be able to make decisions on capital spending, bring that back to the Board as an interfund transfer of capital of operations if we feel we need to do that.

I think I feel fairly confident that we're going to be okay. But that being said there's a lot of people that have been fairly confident over the last three months and I see no reason to kind of do it the way we usually do it which is once a new budget has been authorized we start spending it. And we haven't been irresponsible in the past but that's how we've built up the reserves we've had. But I think in this case we need to exercise the utmost caution and back load everything so we have some breathing room and an opportunity to make decisions.

I think some people might say why are you even collecting money or taxing us for this if you're not going to spend it? I think we will spend it, but we'll spend it at an appropriate time. But to reduce taxes and not have that and then come back the following year and then raise taxes to do it, one, you can't do it under the caps. Secondly, if you go back into the operating budget, one of our biggest intergovernmental transfers is highway transportation. That's gone down $70,000. And it's not because we have less roads, it's because the Village was screwing down the budget, reducing the levy in those years that Kathy showed on that graph to show people we can have a lower tax bill. And when you do that in Wisconsin the less you spend the less aid you get. The more you spend the more aid you get. So we worked ourselves into a hole.

So at the end of the day was anybody any happier that their tax bill was about $10 less? Now we've got $70,000 that we have to make up. That moving average is five years. We'll have this for a while. That's why I think we're better off identifying those things that we need to operate this government, the investments we need to make sure that our capital fixed assets are in order to deliver the services we have and just manage when those expenditures occur so that the operational fund doesn't come into problems or trouble.

Kathy and I are going to be riding that capital fund really hard because that's our safety valve or safety net for anything that's bad. I want to go to that before we got to reserves. We'll get through this bad time. Not just the Village but everyone will get through this bad time, but we don't want to just have our nose above water as we go through this. We want to be in a good position to keeping doing what we have to do.

Clyde Allen:

Thank you.

John Steinbrink:

I think we just have to take a look at what we've just done tonight and your comment saying we're going to buy a truck, we're going to buy an ambulance, we're going to hold off. I think this community, other communities, the private sector are all in the same thinking. When you transfer that thinking to the manufacturing sector everything slows down and that puts us in the position actually we're kind of in but we don't have a choice. It's the responsible choice to do what we're doing.

Mike Serpe:

Picking up on what Clyde said about the toughness of this budget, this is my 19th budget that I've been a part of. And the last two years with our two new Board members to have meaningful conversations all the time with the Administrator, with each other, just makes the budget process as touch as it is today a lot easier to achieve when everybody takes the time to ask questions and have some input. That is so important. So your second budget hearing, Monica and Clyde, I think you've done outstanding. And personally I look forward to one more year with you.

Steve Kumorkiewicz:

Pretty much I think that Mike said it all, that we have two good years in referring to making the budget, preparing the budget and the way that was done and those Saturday meetings around the round table. That was great. The new members got acquainted with the figures, the service provided, and I think that was excellent because we were able to discuss and debate and be able to disagree in very friendly terms. That was great for this Board and it was great for the Village, because we got a lot of accomplished in those couple of years and that was great. We were not at a standstill. We did go forward. And this budget proves it. It's a tough budget. I think the staff, Mike and Kathy did an excellent job in preparing the budget as we've seen in the presentations. I want to thank them all for the good job done for the benefit of the Village.

John Steinbrink:

Other comments or question?

Steve Kumorkiewicz:

One question. You said we went from B to AA?

Mike Pollocoff:

For Standard and Poors we went from AA- to AA. So the next step would be AA+ then AAA. So we're three steps from the top. And for a community our size that's awful good. It's awful good in this environment to begin with. We've done well.

Kathy Goessl:

Now I'll move on to all of our enterprise budgets except for RecPlex which is our last and final section. I'm starting out with sewer utility. All these enterprise budgets were presented at the November 10th meeting except for our solid waste budget. So we'll just breeze over these and just hit the key points.

First of all, this is a summary of what our budget was last year, the proposed for this year, and then also the change from this year to last year. Operating revenue is up 4 percent. Three percent of it is actually due to a rate increase which is actually passing the rate increase on from the Kenosha Water Utility. They're increasing our treatment expense which is one of our largest expenses for this utility by 3 percent, and we're just passing that charge on to our own customers. And also the other 1 percent is mainly customer growth even as slow as it may be. Treatment expenses, as I said, is one of our biggest expenses.

This is what we pay to the City of Kenosha to actually treat our sewage or the majority of it right now. We're looking at an 8 percent increase in that area, and this is due to the 3 percent rate increase from the Kenosha Water Utility and also the uncertainty that we have with treatment expense. If it rains a lot we get a lot of water into our sewer pipes which we're charged for every 1,000 gallons of water no matter if it's clear water or sewer water. So this last year we've had a lot of spikes due to rain and to snow melting.

Depreciation is a non cash flow item. That increases even though our development is slow. Last year we did add some development, significant development of sewer and water infrastructure which has added to depreciation.

Wages and benefits, there's wage increases budgeted in here. Also, there's an allocation of employees between sewer and water. This year there's a little bit of shift toward more sewer allocation than the water so you have part of that built into this. Also, there's inflationary benefit increases.

Operation and maintenance is actually down. This is mainly due to the fleet internal service fund. We transferred the operating portion into of operating any of the vehicles or equipment from the utility into our fleet internal service fund. But the removal of these expenses is less than allocation back from the fleet internal service fund. There's a little bit of shift between our utilities, sewer and water, into more of our construction crew operating fund which is basically we don't have a budget for the construction crew operating fund, it's basically a break even and then all the money that's put into that fund is allocated out to all the projects they work on.

Then we have one new program request here and it's actually south Kenosha sewer manhole and service connection repair is a requirement that the Kenosha Water Utility is asking us to do I think from the DNR to fix that one area of the sewer manholes and services in that area for almost $80,000.

The proposed operating gain is less than last year. Basically the sewer utility and the water utility we run on a cash flow basis so we're most concerned on if we can keep a balance of cash more than if we have a large operating gain.

This shows the non-operating section of the budget. I brought forward the operating section and then we have interest income which is interest on our money that we hold in the utility. We had some borrowed money we're bringing in so that's why I'm increasing a little bit the interest expense here.

Debt we have interest expense on our debt which is down. We did some refinancing and saved some interest but also the decline a little bit in our interest. One of the interest expense declines is the intergovernmental. We changed the way we are charging the sewer interest rate. Basically it used to be fixed at 3 percent. Now we do it variable and right now the interest rates are low so sewer doesn't have to pay as much money back to the general government and the water utility interest-wise.

Amortization expense is a non cash-type item amortizing our debt premiums and issuance costs. So we actually have a net loss in the utility of a little over $200,000 that we're proposing. Last year was about $180,000, but you have some capital built in here, as I said, with the internal service fund basically instead of being in the balance sheet area it's actually brought into this area as an hourly charge for capital instead of being a purchase.

We did make one minor change mainly in the cash flow capital area since we met in November. When we were analyzing the general government it was a requested purchase or a proposed purchase was an upgrade to our current accounting software from our current Access database to a Sequel database, and that software benefits the general government but also all of our enterprise funds. So there's been an allocation of a portion of this based on percentage of why I allocate the finance personnel out to the different enterprise funds based on the number of hours we estimate we spend on the enterprise funds. So we are allocating some money out for that.

Also, in 2008 we saved some money due to refinancing and I didn't catch that initially in the budget. So there's a $44,000 recalculation of interest due to refinancing. Then it was offset by the $9,000 that I just mentioned with the upgrade to Cassel, to Sequel that's being transferred out to the different enterprise funds. Sewer has a $9,000 allocation; water has a $9,000 allocation and some allocations also to clean water, RecPlex and solid waste.

Therefore this is our ending cash balance in this utility. The majority is in our DNR funds. We are proposing to borrow some money here tonight. That's the $825,000 we're estimating that we'll have at the end of the year, and then available cash to spend on whatever we want is that line there ending in a cash balance of $2 million estimated for 2008 and $1.7 end of 2009. The decrease is mainly due to spending the capital fund proceeds.

We are recommending a 3 percent rate increase, and we do have an ordinance change further on the agenda. But I just want to show the impact of this change on a residential customer. Our current rate is a base fee of $5. Our volume charge is $11.50, and our average customer uses about 6,000 gallons per month. This looks a little bit high. When I get to the actual ordinance then we'll calculate that back out again. It's more like $40 right now and then a 3 percent increase on top of that. So the $5 is correct but the volume is a little bit high there. But it's very small in comparison to what they're probably really going to be paying in addition.

Now we'll switch to the water utility. I have the same couple little slides for the water utility as I had for the sewer utility. The operating revenue is going up here also about a 4 percent. The Public Service Commission determines our rates. Our last rate increase was in January, 2004, and it's actually based on a 2.5 rate of return, the lowest in the State. We actually had to beg them to go that low. In 2009 the rate increase from the Kenosha Water Utility was passed on through purchased water adjustment if approved by the Board this evening. I'm not exactly sure the percentage. I'm estimating about a 1.3 percent increase as a purchased water adjustment. We're waiting for our actual notice to come from the Kenosha Water Utility or Public Service Commission to let us know what our actual rates will be January 1st. They gave us an estimate of

3 percent increase when they notified us. But as soon as we get the rates and if they're approved tonight we'll then apply for a purchased water adjustment through the Public Service Commission.

Purchased water is increasing mainly due to the 3 percent increase from the Kenosha Water Utility and also a slight growth factor and also partly due to seasonal usage. It can fluctuate on different things based on how dry the summer is and that kind of stuff is. So we just looked at an average over the last couple years and it's up a little bit from what we had budgeted last year.

Depreciation, again, is up due to mainly infrastructure being donated by developers this last year and some equipment and things being purchase. Wages and benefits is up only 3 percent, a little bit less than the sewer utility. As I was mentioning the sewer and water utility shares its employees and based on their demand where they need the people their budget is based on that. That kind of shifts them back and forth between the two utilities. They actually share eight full-time and two part-time employees between the two water and sewer utility.

Operational and maintenance is down and the same reason. The main reason here also is we budgeted around $88,000 for 2008 to paint a water tower, the I-94 water tower, actually paint it and sand blast it. But when bids came in this last year they were over $400,000, so we rejected the bid and we're rebidding probably two years from now. We're putting money aside in case that actually does come true in the future again. We're hoping that it comes down from that $400,000 bid that we had. So in 2008 that was budgeted in the 2008 budget and operational maintenance. In 2009 there is no actual water tower painting budgeted for it. The money is being set aside in the capital area to pain that tower. Also, the whole fleet internal service fund concept works here, too, in terms of there are more expenses removed than is being put back by the internal service fund.

The new program request here is very minor. It's cross-connection control and . . . exercising classes for some of the staff or employees at the utilities to learn more about this requirement. So here we have a very small change in our net operating gain, a little over $4,000, so the budgets are pretty much in sync with each other for the past two years even though we're one more year out and have a little bit more inflationary type impact here.

Mike Serpe:

Kathy, could I ask a question here? I don't know if this is the right venue for this, Mike. I'm going to run it to you. The City is passing an increase in the water service water rates onto the Village. I'm sure it's for doing some type of infrastructure work for themselves or whatever. We prepared an infrastructure to take care of PG&E with an enormous amount of water that was going to go out to the power plant that never came but everything is in place for it to happen. Wouldn't it be feasible for the City, instead of running their new lines all the way out somewhere to the Interstate or further, to tap into our system to take it out there?

Mike Pollocoff:

Yes. Right now our water system can roughly handle 21 million gallons a day. PG&E paid for 7 million gallons of it which isn't going to be used. So the ultimate under our land use plans the most water we'd probably use is 14 million gallons per day. These are the average daily uses. So we've got 7 million gallons available. That would definitely be a possibility. And I think if you look at the master sewer and water plan prepared by the Regional Plan Commission, that's a possibility. As of now the City has made plans to run a redundant system or line out to the Interstate for their own uses.

Steve Kumorkiewicz:

So we're paying for it.

Mike Pollocoff:

We're not paying for it. Basically the rate increase that the City is proposing is 3 percent to cover the increased costs that all utilities are facing. One of the big charges if I'm sitting at the City Water Utility is electricity. They do a lot of pumping and fuel, and they have the same personnel costs that are driving like we do. So the difference between the Kenosha Water Utility and the Village Water Utility is, one, number of customers. We have about 6,000 customers. They have about 28,000 customers. So it's a cost. We spread our utility cost across a smaller base than they do.

And the City Water Utility uses the Public Service Commission rules to the maximum where they get–they operate like a business just like we do, and they're ensured a 7 percent return. So whatever their capital is, their costs, they're going to get a net 7 percent return which is really large. That's a guarantee return. I think that's higher that WEPCOs. The Village operates at a 2 percent return. That gives us enough money to do capital projects without bonding and things like that. What the City is doing is they want to keep that rate of return at 7 percent. I haven't seen it in a while but they have enormous cash reserves at the water utility. So that's really what we're funding up is to the extent their power generation costs and personnel costs are reducing their rate of return we'll bring the rate of return back up.

Steve Kumorkiewicz:

So still I believe we are paying for it.

Mike Pollocoff:

We all are paying for it.

Kathy Goessl:

On the non-operating side of the water utility budget, again, I bring forward the net operating gain part. Then we have interest income again in this utility. Then there's no bond proceeds so don't have any extra interest income calculated here. Debt interest expense is going down. This utility hasn't borrowed for a number of years and has very small, a couple million dollars, outstanding in debt. Amortization expense amortizing the bond premiums and issuance expense for debt.

And then also the transfers. The water utility transfers out any revenue received from water tower leases on top of booster stations and reservoirs to our rec enterprise to help fund our TR program. That tower lease has gone up a large amount for next year, $31,000, and that money will be transferred over to TR.

The tax equivalent is the amount of money that the water utility pays to the general government just like property in the Village pays us the property tax, our water utility pays us money also for being here in the Village. So a total operating gain in the utility a little bit less than last year, but mainly that's due to the capital portion of the internal service fund being in this instead of being in its own separate capital section.

Cash balance-wise a small change, again, here in this area in terms of the cash balance we're looking at. As I mentioned in the sewer utility, we're transferring a portion of that capital purchase of the upgrade to . . . over to the sewer utility of $9,000 reducing their cash balance down slightly from what I had presented a month ago. So we still have about $750,000 in the utility which is not a lot of money but at least we're on the positive side.

Solid waste is our next enterprise fund. And this one is the one that wasn't presented earlier due to the recycling issues we were having, our recycling market. We have since resolved those issues. They are currently now honoring our contract and collecting our recyclables on site and transporting them to the recycling center and continuing then to pay us our rebate. The contract goes out for another I believe almost two years. For right now unless they go out of business they'll honor their contract.

The budget that was proposed by John Steinbrink, Jr. has revenue going up to cover basically inflationary-type expenses. This fund very much uses a lot of fuel. We have our recycling trucks and our garbage trucks that drive around every day. So fuel had an impact on us. We also had a 5 percent rate increase passed on to us from our landfill. So we're proposing a 50 cent rate increase on all of our classes. We have three different classes of customers, level 1 unlimited pickup, level 2 limited plus a couple of bulk pickups, and then our limited which is just whatever fits in the can gets picked up. Fifty cents across the board. We have a little over 7,900 customers will equal about $42,500 a year increase.

Plus the other part of the change here is when we first looked at offering these three different tiers of service we went conservative last year on the budget thinking more people would switch over to the cheaper service which didn't happen as large as we though. So part of that increase is due to conservative budgeting for 2008 and now 2009 we have better statistics on who is in each of the categories that we have offered.

Expense-wise our biggest expense is depreciation. We added some significant capital last year or this year I mean in terms of the whole garbage cans for our automated garbage collection and adding the arms to the trucks and that type of thing. So that additional money is being depreciated for those capital improvements. Office expense, compost expense, administrative expense and leaf collection expense are up some around the $5,000 mark, either up or down from that area.

The biggest increase here is in recycling expense and garbage expense. And basically that's, again, the reflection of the fleet internal service fund. It's building the actual capital as an hourly charge per vehicle used instead of being on a separate sheet where we purchase capital on the balance sheet side of the situation. So that's the main increases in both of those areas. New program is expanded compost site hours. We're looking at being open most of the week even during the day staffed with a part-time employee most of the time to collect compost as well as maybe some additional items at the site.

The net operating income is down from 2008, again, mainly due to the internal service fund, building the capital into the operating section of our fund.

Mike Pollocoff:

I might add on as Kathy indicated we're looking for a 50 cent per month increase across the different categories. Our attorney got the recycling contractor to honor the contract that we had. But I think we have to keep our eyes open to the fact that that contractor is having a hard time disposing of the recycled goods. All of our recycled goods are going to China. They're not buying as much because the economy is slowing down. So I think some of that money is going to help us hedge our bets in case we have to switch mid stream and find somebody else or doing something different if the company goes away. The contract with them from the Village's standpoint is good, we're protected, but if that market dries up or goes away along with the contractor then we're going to have to do something different.

Mike Serpe:

Mike, just a question. What can you do different if there's no market for something?

Mike Pollocoff:

We'd probably be finding somebody that would be taking it from us but they'd have the capacity to store it and maybe find some other markets. But they would be paying to get rid of it rather than right now they're paying us to get it. I think in the worst case scenario we looked at assuming that the contract we had now was bad, we'd be paying half of what it costs us to go to landfill. Not that we would put recycled materials in there, but it's still better to find whatever kind of recycled market you can to keep your landfill costs down. But it's a big difference going from getting $3 a buck to paying $15 a ton to get rid of it.

Mike Serpe:

I'm just wondering if it's feasible to look either into City or with a tri-county area, for that matter, maybe Walworth, Kenosha, Racine to get together and find a site that maybe all of us can participate in and fund.

Mike Pollocoff:

That would be one of the best intergovernmental cooperation projects that I think we could do in this part of the State. Because right now from an intergovernmental standpoint we all make sure that Illinois has a cheap place to put garbage and that's really all we're accomplishing. What the three counties really need to do is find a place where that public health need of disposing of solid waste, getting the recycles organized and off to a market it shouldn't be happening at a profit. Right now the taxpayers or users of the service everybody is paying for it. Look at what they've done in the Fox Valley between Green Bay down to Oshkosh. They've done exactly what you've said and they've really cut their recycling and solid waste costs significantly. They've got certainty out for the next 20 years as to what's going to happen with their solid waste. We don't have that. If Waste Management says we can sell a lot more garbage space down to Illinois then we're all going to be looking or paying the freight to make more space in that same area. It hasn't been good for the users of the system.

Kathy Goessl:

The next enterprise is our clean water utility which was also presented at the November 10th meeting. So we have here, again, the same format that we had for the other three enterprise funds. Looking at the revenue, the revenue we're looking at increasing a little over $108,000. This main increase is due to a recommended 25 cents per ERU, equivalent runoff unit. We have 22,907 equivalent runoff units times 50 cents per month will give you an annual revenue increase of $69,000. We're proposing this to slowly increase to get to a point where we can accumulate some funds to replace future storm infrastructure. In the past we were looking at maybe $1, but we think now for future the recommendation is to increase it slowly over time so there's not a big impact. We're still one of the cheapest for an average residential customer in the State for this. So it's 25 cents per ERU.

Employees here are shared between the public works area which is highway, clean water, solid waste. These people some of them switch between the two in terms of doing work. This area has increased in terms of personnel because we have shifted almost to the equivalent of a full person into the clean water utility from the public works snow plowing and road maintenance area to this area to help us comply with some federal mandates that we're behind on.

Then we have a slight increase in contractual services, but then supplies and maintenance and insurance is down. Those areas are down mainly due to the removal of the fleet and equipment operating charges which went to the internal service fund. That includes fuel, maintenance and insurance for operation of the fleet and the equipment. Depreciation is up slightly also due to the same reason as sewer and water, developers donating infrastructure. I don't see that happening much for this coming year for 2008, but 2007 we did have a very large donation of all the subdivisions that had donated infrastructure.

Internal service fund that's the new fund we've been talking about. This is actual charge back to the clean water based on what we believe they're using hourly-wise and equipment-wise, $122,000. That includes operating as well as capital to replace this equipment in the fund. So we have a grand total here up $268,000. You can see the biggest chunk is the personnel, more hours that we allocated plus the internal service fund transfer mainly due to the capital transfer portion of it.

Therefore, we're looking at an operating actual loss in this utility of $165,000. Again, we're concerned more about maintaining cash balances than the actual net operating gains or losses that the utility may have. As you can see depreciation is on here and that's a non cash, so basically that $650,000 is not being paid out per se, so cash-wise we actually gained almost half a million dollars.

The final enterprise fund besides the recreational enterprise is our fleet internal service fund which is a new fund we created for 2009. In the past the public works, the parks, the utilities all had their own vehicles in their own area, they bought it, they capital budgeted for it. We decided to bring it all together to better monitor and share and control cost. Then we actually spent some time analyzing the number of hours on vehicles and equipment and what we estimate should be their useful life. Then we used that to actually project out when that vehicles should be replaced. So we have that out for 20 years basically for all the vehicles. Our plow trucks are estimated to be a use of 20 years. That's one of our longest vehicles. Garbage trucks are more like five or six or seven years. This will really help us monitor our vehicle fleet and have better control of that.

This is actually the operating budget for this fund. There is no comparison because there was no internal service fleet last year. Our revenue-wise, the revenue generated for this fund is charging the different departments or enterprises for the use of the vehicles and equipment that's currently in this fund. All the different funds have transferred this equipment or will as of January 1st into this fund. And they will charge each of the different areas for using it based on an operating charge out which is based on the State of Wisconsin rates, a prorated amount, because the State actually incorporates a capital replacement portion in there, but the State has a shorter life on a lot of their stuff. So we used their operating or their State rate to do the operating portion of it which came very, very close when we did the whole analysis once we pulled all the operating expenses of this stuff out of the other fund and brought it in and looked at the State rate. We were surprised how close we actually were in terms of percentage-wise how each of the areas allocated out.

Capital-wise we actually looked at the life of the equipment, divided by its useful life and took one-tenth or one-twentieth of that value and put it in there to charge that out to the different funds that use that equipment. So we're looking at total income of this fund of $1.3.

Expense-wise this is the operating expenses associated with all the equipment that we've pulled out. And these are pulled from each of the different budgets. Personnel is basically the mechanic and his benefits, equipment maintenance, vehicle maintenance, minor equipment. We're also looking at the minor equipment under $2,000 also being pulled out of here. That's stuff that's shared, chainsaws, hammers, that kind of stuff. Repair/maintenance supplies, minor stuff that we use to repair some of this stuff. Fuel at $300,000. That's actually I think there was 90,000 at $3 and some cents per gallon. We know right now unleaded is under that but diesel is still up so this is a conservative estimate of what we think we'll spend on fuel. Then insurance on these vehicles and equipment for a total operating expense of $683,000 for the equipment netting us an actual gain of $637,000 which will now be used to purchase the capital to replace the equipment in this fund.

These are the items that we're looking at purchasing and it totals the almost $600,000 and some. We're looking at the cost to purchase it and then also a trade in of our old items and then the net amount. This was all in detail gone over at our November 10th meeting. We only have a couple of new things down at the bottom. Most of the stuff is replacement based on its use of life being up. So this is the second segment of the whole presentation and this includes the enterprise budgets. If there's any questions or comments at this time. What we have left is the RecPlex or recreational fund.

John Steinbrink:

Comments or questions of Kathy?

Mike Serpe:

I just have one. Again, the fleet operation that does not include the fire department trucks nor the police department is that right?

Kathy Goessl:

No, at this time it does not include those areas.

Mike Serpe:

And everybody else s in?

Mike Pollocoff:

Yes.

Kathy Goessl:

Basically. I mean assessing is not in but most of the other ones are. The biggest fleet that's not in there is fire and police. There are minor inspection vehicles and that type of thing or RecPlex, those aren't in there right now. We basically have utilities and the public works which uses the mechanic and are housed at the Prange basically to start. We'll see how it all works and maybe eventually bring in the police and fire vehicles and the rest of them. But for now we just want to try a year or two and get things under control before we add anything else.

Kathy Goessl:

The final budget we have is the Recreation Enterprise Fund. This is the first time part of you or half of you have seen it. This was also presented at the Rec Commission a couple weeks ago and was discussed among that Commission. So this is basically the same presentation. We did make some minor adjustments as we were making final review of this budget but nothing major.

We'll go over the same procedures that we did on November 10th on the other budgets. First of all the new programs, what we recommend and what was not recommended. First of all were the programs that were recommended. It's in order basically of priority. You've got the division that has recommended it and what the program is called. It's income potential. Most of the programs they bring up are not cost related, they're income potential-type programs with a cost component to them. You have the cost of the program, personnel being the major cost of the program and other costs associated with the program with the net revenue that the program will bring in or is projected to bring in.

The first program area s the aquatic center expansion. This is with Uline donating the $8 million and us building the pool. We're looking at an opening of Labor Day Weekend. And this income potential is for that last four months of the year and the costs associated with running the aquatic center, the new Olympic size pool and the different revenue sources that we had. We actually had a study done six to nine months ago evaluating some of this with a company called Sports Management. We worked with them to format a lot of these numbers with them together. So we're looking at a net impact just for the fourth quarter getting off the ground a little over $8,000 for that portion of the facility.

In the youth area we're looking at Baby U. Our preschool program has taken off and also after school as well and campus pretty much growing steadily. And we have a lot of requests to watch babies. Currently we don't watch in preschool until they're actually potty trained which is two or three or greater. So our recommendation is to actually look at Common Grounds. The Common Grounds lease is up this May. The recreational staff believes this is the best use for that facility to actually open a childcare in that facility and to watch 16 children. The income potential for this proposal right now s for 11 months starting February 1st if approved this evening. We would house 16 children starting February 1st, and the personnel is for the same time period. The other revenue or the other costs of the program is 25,000 to do some changes in the facility, also buy cribs and startup-type stuff, camera security. Also, $11,000 of this is income loss from Common Grounds. Their lease is through May/June, but if we want to start childcare there in February, probably getting in the building by January, we need to refund or her lease she can't use the building. So we're looking at a potential for next year of $20,000. That $36,000 is mainly startup costs, so there's a lot larger income potential for the future.

Administration, rental revenue enhancement. They're looking at the proposal to move our current rental specialists to a full-time positions. Even if this program is not approved but shift the hours to evenings and weekends more, maybe some daytime weekdays, but they think the potential is there with the additional hours and the way the hours are being worked to increase different revenue areas, birthday parties, corporate type things, weddings and that type of thing in the youth studio. So that's the program there with a net revenue enhancement of $19,000.

In the sports area we have the sports performance training looking at baseball and basketball in terms of sports performance training. Looking at high school and junior high level, work with the participants in these types of programs to enhance fitness training type programs to enhance their performance in those two sports and expand on that in the future with income potential of a little less than $5,000 for next year.

In the ice area a synchro camp we're looking at doing a three or four day synchro camp bringing in a couple synchro coaches that are national. They've brought their synchronized ice skating teams to a national or world or national competition, bringing a couple of these types of coaches into our facility and attracting synchro type skaters from Northern Illinois and the Midwest area into the IcePlex. Synchro skating is pretty strong in Northern Illinois so we're hoping to bring some kids up into this area into the camp, as well as our own synchro program has 50 skaters on four different teams and attracting some of those to this three day camp program for an income potential of $4,500.

Baseball program expansion is basically bringing the Predators which is currently a rental into as our own program and keeping the Predators parent organization as a nonprofit organization advisory-type board and that would increase our revenue slightly. But there's a higher potential than this $3,000 once we get into bringing that in house.

Learn to swim in the aquatics area this is not even using the new Olympic sized pool yet. It's just shifting things around and getting as many people into our learn to swim program. And hopefully the excitement of the whole Olympic pool will help generate additional revenue in the coming nine months so that's what we're hoping for in the $6,000.

Family fun night this is one or two nights a month where there are special nights and special activities. Our members could do it for free, but we would sell a family pass to non members to come in and participate in these family fun nights using the aquatics center, the field house and our ice skating area in different ways to attract non members as well as give a special night or two a month for our members to enjoy with their families. The $6,000 is basically the non member revenue potential.

Then we have fitness programs, a running program with a revenue potential of a little over $5,000. That is actually looking at maybe a marathon in the area next year plus we have our own triathlons and our own 5K's to start up a more aggressive running program in our facility to help people train for these type of events.

Outdoor programs this is to do with using our boats, our trails, all our outdoor amenities and creating programs around those areas and hopefully creating a potential of $5,000 in there. Outdoor fitness training, one of our capital proposals for the rec fund is an obstacle-type course around the lake, different fitness training areas where people can use it as they walk around the lake on their own, or this type of this is an actual outdoor training like a class, for people to join a class and work or do type of events around that type of obstacle-type course around the lake.

And then the youth, the lil' tykes expansion, during certain times of the day our lil tykes area runs out of space so this program is actually looking to expand that into the Lakeview studio when it's not in use to watch some more lil' tykes. Our members as well as non members do pay for this program. The small cost here is to do with the other cost, it's to set up a partition in the Lakeview studio. There's a very small potential here but it gives additional benefits to our members to be able to watch lil' tykes which is basically from six weeks to two years. So this is the programs we recommend for a total net revenue potential of almost $86,000.

New programs that we're not recommending that were requested are mainly expense-type items with no revenue potential attached to them at all. The first one in the youth area they are requesting a day camp/youth department assistant for a little over $8,000. We're evaluating our current guest services staff especially on our IcePlex side on the slower times to be able to better use that staff to maybe do some of this work that is required of the day camp as well as additional clerical-type responsibilities that are available instead of having them at slow times just sit there or read a book or whatever, to do some clerical work for us.

Information technology, web programmer, the programmer was not approved on the general government side, and there was an allocation of that web programmer full-time status to the RecPlex, therefore it's not being recommended or approved on the rec side either. Therapeutic rec discovery wage increase of $8,000. This is proposing to increase the wages for our therapeutic rec staff. We're not recommending this at the current time. They're pretty much fully staffed and it doesn't seem to be an issue and we still seem to be competitive in that area.

So we're switching now to program reductions, looking at recommended as well as not recommended program reductions. Our first program reduction that we're recommending is the shut down of the First Banking Center arena for three and a half months. The reason we're requesting this is to save on electric cost. Summer is our slowest time there, and we should be able to program all of our rentals or programming on one rink to save electric. Basically the saving electric cost minus the cost to bring that rink back up again, we're recommending the First Banking Center arena because that arena has not been brought down since the facility has opened a little over four years ago. So that's the one that needs some maintenance being done on that rink. If this is approved and works out for this coming year, we will be alternating between the two rinks until the actual demand warrants us to keep that rink open, or that one rink open for the summer-type months, or if we don't really save as much electric as we really think we might be able to save. It's very hard to determine the electric savings. We have to take industrial standards to figure out how much we could save. We don't have a separate meter on our compressors for these ice rinks.

Fitness center personnel reduction. What we looked at there is there's a lot of double staff coverage at the fitness center and we just had them evaluate times when they really didn't need double coverage when it was a slower time. So it's basically re-looking at their double coverage and giving us some recommendations and when they could cutback. This s their recommendation when they could cut back which is more of the slower times.

Guest services, again, personnel reduction. This is actually keeping them pretty close to where they were probably a year ago. We went through the whole shift into membership advisors for about a year or year and a half. We brought those membership advisors up to full time. Things weren't working out so we brought them back to guest services. Actually laid a couple off and brought guest services that didn't have any membership advisors. So they believe they can work at this level in terms of staffing. It doesn't really pare back too much.

In the sports area, sport program expense reduction. This is just evaluating our sports programs and the type of expenses we have and reducing some of the stuff like medals. Bring them back to instead of medals make it ribbons and stuff like that. And trophies for just the first place instead of first, second, third and fourth and stuff like that. So they evaluated that. As well as one of the cost savings here is as part of the general government budget there is approval or if approved tonight there will be approval of tarps for the field. Also, there was another operating reduction that would move all of our ball fields to Prairie Springs Park using the four north fields and the two south fields and not using the other park that's over–it's Pleasant Prairie Park, off of 104th Avenue, and they're going to be soccer fields instead. Right now we have soccer fields in both areas. So we're just trying to condense and put all the soccer fields in one area and then all the ball fields in the other area. This will help reduce some of the expenses to them, too, in terms of material use and that type of stuff. So those are the programs we recommend for a savings of $55,000.

Not recommended is some reduction in marketing. We think marketing is important. One of the things here they were recommending is not sending Play by Plays to our active members or active participants, but just send them a post card saying you can stop by the guest services desk and pick up your Play by Play, also reducing the number of pages in the Play by Play. So we're not recommending them to reduce their marketing expenses. We believe it's best to send out our Play by Play. That's our main marketing piece to whoever we can that will benefit from it.

Therapeutic rec to reduce the TR staff ratios. We're not recommending that. The staff ratios are set for the safety of the participants, and we don't believe it would be a good idea to reduce those down. It would be not a very good environment for our program. So we're not recommending these program reductions that were brought forward.

Capital is our third and final section in terms of program list. We're looking at recommended and not recommended for this area also. Again, there are divisions and projects and the amount of the project. Aquatics is the whole aquatics center expansion for $8 million which is basically covered by the donation from Uline.

Facilities, the pool deck, $180,000. That's actually replacing our current pool deck in our aquatics center. Right now that's under a borrowed category in terms of funding. Hopefully we'll be able to get that under the $8 million. As long as we're doing an $8 million project hopefully we can include that flooring in that project. Also, painting the facility, $25,000. That's mainly in the aquatics area also. So we'll see what we can do in terms of that, too, incorporating that into our expansion project.

Roof top units, we had one roof top unit go this year and we budget for it each year just in case. Treadmills, this is replacing treadmills in our fitness center. Ellipticals, same thing replacements. Magnum strength equipment a replacement project. Jacobs Ladder is a new piece of equipment I believe. Stair masters and step mills a replacement. Bikes is a replacement. And the fitness outdoor obstacle course that I mentioned earlier in the new program area. That's an obstacle course around the lake. A skating harness for our Palmen rink. That's currently without a skating harness and especially with the blue or the First Banking Center rink going down. In the summertime we'll need a skating harness on the other rink. Then replacement servers for $6,000. Our recommended program purchases in the capital area is a total of $8.4 million.

Capital purchases that we're not recommending that was brought forward is the guest services redesign of $52,000. We asked to push that out for another year. This is redesigning the front area in terms of access control into the field house as well as maybe redesigning the front desk area. This cost here is probably a couple years old so we need that to be re-evaluated and brought forward probably again in the next year or two.

Security is to do with door swipes instead of keys in certain doors throughout the facility. Right now we have some master keys to use instead of door swipes, and we believe actually a card system would be more superior than master keys. Window shades in the Lakeview studio we actually eliminated that totally from any five year capital plan. This has been requested for a number of years but we believe it would deter from the actual appearance of the Lakeview studio and the beauty that it has. So we said just take that out of there totally.

Fitness performance center is I believe to do with the equipment and adding some type of machinery onto the equipment in the fitness center and certain pieces to track peoples' performance. We pushed that off for now. Security upgrades is to do with adding more cameras to the facility outside. Right now we are working with the railroad in terms of putting cameras out there to monitor when the train is coming by because they're putting more coal trains on that tracks. And we're hoping to maybe use some of the cameras that are put in there in the DVR unit to maybe accommodate some of the stuff that we want to do on this capital project. But for ourselves to spend $25,000 we're pushing that off until we evaluate what the railroad can give us in terms of camera visibility.

Defibrillator at the park currently we're pushing that one off, too. This is at the north ball field and then also the south ball field. At the current time we believe that most of our staff is CPR qualified. Our response time is pretty quick and we do have defibrillators within the RecPlex itself as well as the beach. Camp and kids software for $5,000 we're postponing that for another year. We're actually looking at a switch next year, and upgrade to our software that we're currently using. CSI has brought out a new product called NG and we're looking at implementing that next year. We want to get that implemented before we add another module onto the software so we pushed that out for evaluation for the future for a total of not recommended capital purchases of a little over $100,000. That's the new programs, program reductions and the capital.

So now I'll go through the different sections, operating, the non-operating and the major cash flow items for the RecPlex. This is a summary of the operating revenues for the facility, the actual amount for 2007, the estimated amount for 2008 and the proposed 2009 budget. The reason the 2008 budget is not in here is that there's changes and modifications. It is in the blue binder you have if you want to do a comparison on the budget, but the estimated seems to be a better comparison in terms of where we're ending the year at and where we want to be for next year. Then we have the comparison to 2008 to see how we've improved over the last couple years.

Overall we're looking at revenue of almost $8.9 million, a 6 percent increase in the facility. Memberships we're being conservative with only an $18,000 increase over what we estimate we'll end this year with. The economy has hurt us a little bit but not too much. Basically we'll be able to maintain what we have. We also have corporate sales. Paul has become our corporate sales director and has been out working with corporations. Our new business manager, Kris, is very familiar with the Illinois market and we're looking at marketing more to the Illinois market and going more down in that area. But we've still budgeted a very conservative estimate of only 1 percent of membership.

Program-wise we're looking at a 13 percent increase. The main reason for that, it seems like a huge increase, but the main increase in that area is youth. As we mentioned before pre-school is just exploding. After school care is growing like crazy. So school age has gone up actually we're looking at $37,000, and this is just trending what we currently have in our program. Preschool up $90,000 in revenue. That program just added a new room this last fall, and so for 2008 we just have a current four month's revenue and for next year we have a full year of revenue projected and that's the basically $90,000. This doesn't even include the new Baby U. Then camp has increased steadily for an increase of about $16,000 in camp revenue.

Rentals are up to $700,000, an increase of 11 percent. In that area we're looking at different– Wisconsin Juniors are going very strong. We've increased the ice rental rate with the Komets this last year and that will continue the full year next year. So we're looking at different rental areas and the potentials that we have. Birthday parties are really going crazy at times and we're actually expanding to use the mezzanine as well as the IcePlex rooms for aquatic birthday parties. And we're also expanding into the field house and using the bouncy rental for parties. That's a very good potential for us, the whole school age expansion as well as this whole rental with parties, especially birthday parties.

Concessions and merchandise are up slightly 3 percent. And the public sessions is up 12 percent. That's mainly a jump back up for our teen program. Our teen program slipped a little bit but we're working on that to bring it back up the income level potentials that it had before. Special events is up 5 percent. Sponsorships and advertising is up $47,000 for 2009 and this is based on some of our history. Not too many new things in that area, just tracking out what we currently have with some new income potential.

Day passes is pretty level in terms of we're hoping to maintain what we have. Facility fee you can see is actually down from 2007 to a little less than $90,000. We're projecting about the same for next year. We're doing a lot of marketing type promotions, waiving the facility fee to bring people into our facility. And then there's other revenue that's pretty much staying stable.

Here's our major operating revenue categories, annual membership, and this historically is 2006 through our proposed budget for 2009. Annual memberships are our largest revenue source and you can see it's steadily increased over the last couple years. We're projecting to level off. We're budgeting conservatively. We hope we don't level off like that but for the budget purposes we're keeping it conservative.

Program-wise you can see that's steeper, almost meeting up to annual memberships mainly due to the youth programming and our daycare. And then the third major revenue source is rentals and that's pretty much been level. You can see it's not up much from what we had historically.

This is our top revenue generating program areas as I mentioned earlier. The top line is youth. That is skyrocketing for us. Fitness is pretty much a steady up climb, and then also youth sports is our third major programming area. That's the bottom line. I know the colors are kind off there. Are these one of the colors that doesn't look good on the screen?

Operating expenses this just breaks down into different categories. You can see the major operating expense is wages and benefits. It's an operational area. The second major at 15 percent is actually wages and benefits connected to programming. Other operating expenses is our third category tied with depreciation as well as utilities, utilities being gas, electric, sewer and water. And then we have the minor categories of expenditures being concessions, program of goods sold, program expenses other than personnel, special event expenses and our marketing.

This is the different areas in numeric format and shows you the different increases and changes in the different areas. Our wages and benefits are up operational-wise as well as programming-wise. Operational-wise is mainly due to inflationary increases, step increases, the 3 percent budget we currently have in here for full-time staff. And then programs are up even more. As our program revenue increases like our preschool we need more preschool instructors so basically when revenue is up we need more staff to staff the additional kids we have to watch them or the additional personal trainers and fitness instructors and that type of thing.

Program expenses are up slightly at 7 percent due to our program revenue also being up. Concessions are pretty much level. The other areas, special events level, depreciation actually going down slightly. We have a lot of five to seven year equipment in our facilities around that life span so some of that stuff is falling off in terms of depreciation. Other operating is actually going down from this year. We went through the budget and kind of scrubbed it like we did general government looking at different areas and seeing where we can save money, bringing some of that budget down.

Utilities are going up. We never know with Wisconsin Energy what kind of rate increases they will give us so we are very conservative in terms of what we budget for. So there's a little cushion there if the rate increases aren't as great as we had. We had 15 percent rate increases but it's very hard to predict what they will be doing. Marketing is down slightly from last year. We reduced some of the mailings of the Play by Play. We went down to three Play by Plays instead of four Play by Plays over the last year or two. The number of pages is reducing slightly. We're just looking at our costs making sure we are dong smart marketing. So we have an increase in expenses a little less than $450,000.

Operating revenue and expense summary, this is a summary of what presented earlier on the slide. You can see our proposed revenue of a little less than $8.9 million and then expenses of $7.7. Our recommended new programs revenue potential of $85,000, and program reductions of $55,000 for an operating gain of $1.3 up from what we estimate we will be ending this year at and up greatly from what we ended last year at actually. We're almost done here.

Non-operating revenue-wise we have tower leases as we mentioned earlier in the water budget. We are transferring leases here to fund the TR. Interest income is pretty much stable. We have some money here we're earning interest on. We have some borrowed funds we're earning interest on. Expenses, this is the debt service interest expense in the debt service. This is going down. Basically we just borrowed this year but before that we hadn't borrowed since the expansion so our interest expense is going down where our principal amount s going up so we can pretty much level that off. Operating transfer out is our transfer out to general government to help us maintain the ball fields as well as landscaping. Other expenses are like debt-related type expenses. So for total non-operating we a little over a million dollars. That's pretty stable from year to year, fluctuating about $100,000 from 2008 to 2009.

Here's the summary of the two previous slides, net operating as well as non-operating. We have made significant improvements from 2007. You can see our net operating gain/loss 2007 was almost a half a million dollars, and we have been moving since 2004 since we've opened the IcePlex and expanded the RecPlex. So our estimate is to be a net loss of only $60,000 for 2008 is great for that facility. We've done a lot of work in the last year to control expenses and monitor things to bring us down to this level including laying off some people in that facility to bring it down to this level. Proposed budget we're looking at an actual positive. We haven't had that for three or four years. So hopefully we can accomplish that.

Mainly we're concerned about the cash flow. There are some non cash flow items. These are cash payments not reported in operating or non-operating so they're not recorded up above, but we actually do pay out cash for these. The first thing is principal payments. Principal payments actually are going up from 2007 to 2009. In 2007 we actually, the year before we had an actual donation from WisPark. That principal was even higher. So the facility is paying a larger principal payment and still able to do a positive cash flow or is positive cash flowing for this year that we're estimating at this point.

Capital purchases we talked about on the previous slide before what we're recommending and what we estimate we'll finish the year off here. This includes capital purchases that don't use bonded funds, it just uses operating capital. So these are things that we do have to pay cash out for but it's not reported on the sheets above.

I mentioned debt service. Debt service is an interest and principal and this shows our debt service. It has steadily increased over the last couple years but has now leveled off for the next number of years.

These are revenue/expenses that are recorded but no cash is paid out. We don't pay out any cash. We already paid out cash basically for this type of stuff. Depreciation almost $975,000 for depreciation for this next 2009. Debt amortization that's issuance and amortization expense, premium amortization adjustment.

So when we look at our net gain and loss from three or four slides back, we look at the cash payments that are not included in that net loss and the non cash payments that were included in there we want to back out again, you can see what our actual cash flow out of the facility is. And we want to get a positive cash flow going in there so we can accumulate funds for the future, but for right now just to keep the facility with cash. Last year we actually lost $300,000 and some. This year we're estimating that we're actually going to break even and go up above that hopefully $17,000 or greater. We just reevaluated this in the last couple days and we're still aiming toward that point and we only have a month left.

Then the proposed budget we're looking at a little bit greater cash flow than what we were predicting for this year. Not too much more, $50,000, but still a little better, pushing a little bit harder to get it. Hopefully we can do that with the economy the way it is.

John Steinbrink:

We're going to do discussions and questions and then take a five minute break unless your questions are really long.

Mike Serpe:

I'll just make a small comment. The night that the Uline get together took place at the RecPlex I walked in the front door–I parked my car in the parking lot which was difficult to find a parking place because it was so full, the street was full both sides parking. I walked in the front door and I looked at the field house. There's teenagers, young adults playing basketball doing whatever. I walked upstairs and the workout room is full. Program rooms were active, and I asked myself what would all these people be doing right now if they weren't here exercising or doing something and it's that way every day. And then I happened to think to the person that made all this possible was Mike Pollocoff.

In the 20 years that I've been on this Board and in 25 years that Mike has been in this Village I challenge anybody to come forward and tell me a time, a date and a place when Mike took credit for anything. He just doesn't do it. It's everybody else, the Board, the staff, the department heads but it's never Mike. I just wonder how many people Mike Pollocoff has affected in a positive way. *Kenosha News* is looking for people for person of the year. I can't think of a person more deserving right now that has affected more people in a positive way than Mike Pollocoff and he never takes credit for it, never. Mike, you're a rare person. We've got a special one in you. Best Administrator that has ever held the seat.

Clyde Allen:

A few questions. Baby U these additional 16 children how is that going to impact their liability or will it?

Mike Pollocoff:

It won't affect our liability any differently than what we have now. Our existing policy will cover what we have.

Clyde Allen:

Perfect. The shut down for the ice arena will that impact our sponsorship revenue in any way?

Mike Pollocoff:

I hope not. Pending approval of the budget we haven't visited with the bank, but my recommendation is we would move them to another or give them sponsorship at another room in the facility or find some other sponsor opportunity where they can be recognized for what they're donating. Even if we weren't to have adopted, if this program wasn't to come up, we're still going to need to bring that rink and the other rink, it's going to happen every year, we need to bring the rink down for about a month or so to do maintenance on it, and that was built into our agreement with them to begin with.

Clyde Allen:

Either one of you, our exercise equipment, is it lasting as long as you projected or you thought it was going to or not as long that see increased expenditures?

Mike Pollocoff:

Some is actually doing better than we thought, the ellipticals. We actually have a few ellipticals that were there from when we first opened. And it really kind of depends on the brand. Some people really like some brands and they're really popular but they don't last very long. Then some of the ones that last quite a while they've been popular, too, so it's kind of a mixed bag. We've been funding fitness equipment a replacement about this level all along. It seems to be doing the trick. Over time I think we're going to have to look at additional fitness equipment in there and filling the room up a little bit more. I never thought I'd see 20 treadmills being used constantly but we've had that occur. The same thing with ellipticals.

Clyde Allen:

Then I'll just follow up with a comment that I believe at the Rec Commission someone made a comment this is now the largest municipally owned and run rec center in the country with no burden on the taxpayer, is that correct?

Mike Pollocoff:

That's correct.

Clyde Allen:

Quite remarkable. Thank you.

John Steinbrink:

Kathy, is the Play by Play on line also?

Kathy Goessl:

Yes, it's on line.

John Steinbrink:

So unlike me most people have a computer I believe so they could actually get their Play by Play on line versus the written copy?

Kathy Goessl:

Yes. In the next months to come the RecPlex will be working on accumulating e-mails, people that people prefer to be communicated by. The new software that we're looking at, the upgrades to the software that we currently have has a lot better communication through the e-mail as well as better on-line services than the current version of their product. So as we evaluate the new software we'll look at different marketing techniques and ask for peoples' preferences on how they want to be communicated with. Maybe they don't want it sent in the mail to them, maybe they just want to pick it up. So we have to work on that type of thing. But not just blanketly say whoever is in the facility gets a post card and has to come pick their Play by Play up but actually analyze things and look at it that way.

Steve Kumorkiewicz:

There is no question that we've got the best facility, recreational facility anyplace. I got a chance to for several years to walk my dogs in the park and a chance to meet people, people that are walking around the trail around the lake, and I am amazed where the people come from just to walk around the lake. I see young ladies with a stroller running, jogging around the course. It's unbelievable. And I say why do they come here? There's no question one of the main reasons is they like it because of the quality or the convenience that we offer. The quality of the employees that we have, how much they care about what they do. The park is clean at all times. I see the fields over there, the baseball fields and the amount of people attending with kids. They come Racine and all over. They go indoors to see the ice arena. It's unbelievable where they come from. People travel 200 miles just to come to the rinks and they love it. Everyone agrees it's the best facility anyplace.

So we ought to be very proud of what we've got. As Mike said before it's all a result of the dream of one person, Mike. Although I always recognize I was opposed to have Mike hired, I was the only dissent. We don't need . . . two months later he proved me wrong and the following year at the meeting I recognized I was wrong and I apologized to Mr. Pollocoff. I have since then had a chance to watch him from 1988 or somewhere around that area when we were still a township. Mike's dream what he wanted to do here and he did it. We've got a chance to obtain . . . over the years League of Municipalities of Wisconsin and talk to other people and I believe the people around the State know more about us than the people that live in the year. It's unbelievable what they know and we don't. When I go someplace I go to museums and I have to confess I went to the museums here in the City twice. But it's been Mike's dreams that have been great for the Village. As I said, the people that benefit coming here is unbelievable. You've got to go and talk to them. Mike, thank you for being here.

John Steinbrink:

Questions or comments on Kathy's presentation?

Monica Yuhas:

I would like to thank everyone who worked on this budget. It was a difficult budget. It was a hard year. I would also like to let everyone know, and I've said it before, it's very helpful to this elected Board when you can talk to any department head or any employee, our Administrator at any given time because you have a question or you need to know how something works or how something runs, and that makes our job easier because we're informed. And I appreciate everyone taking time out of their schedules to accommodate the requests that I've made throughout the last two years serving on this Board because it has helped me tremendously with this budget. And this Board working together, you're right, Trustee Serpe, we may not always agree, but we do work well together and we get things done and that's what we were elected to do, to do what's in the best interest of this Village and we have done that. So I thank everyone for your hard work and dedication to the Village. Thank you.

John Steinbrink:

If there are no further comments or questions we're going to take a five minute break here. We'll come back to Item 5, the public hearing.

(Break)

5. PUBLIC HEARING

A. Proposed 2009 Budget Hearing

1) Citizen Comments

Jane Romanowski:

Nobody signed up.

John Steinbrink:

Anyone wishing to speak or comment on the budget of what they've heard this evening? Hearing none I'll close citizen comments.

2) Closing of Budget Hearing

John Steinbrink:

I'll close the budget hearing.

3) Board of Trustee Comments

John Steinbrink:

I think everybody has made comments throughout.

Mike Serpe:

We have an opportunity to thank the department heads and, again, for your indulgence in putting up with us. We really appreciate it.

John Steinbrink:

I think we've talked about what the budget is and it fulfills all the needs of the taxpayers. We provide the services we're obligated and probably a little more. The one thing that is affected by a budget like this is the challenge for the department heads and the departments to fulfill those services with the amount of dollars provided and to provide that level of services, especially with less resources. So I have to commend those folks for the job they've done and have to be faced with doing in the next year. Never an easy task but they've always lived up to it. If you look at the statistics out there they've done a pretty good job.

4) Resolution #08-40 - Resolution Relating to Adoption of 2009 Budget, Capital Improvement Program, Property Tax Levy, Reserve Balances and Debt Service Fund.

Steve Kumorkiewicz:

I make a motion to approve Resolution 08-40.

Mike Serpe:

Second.

John Steinbrink:

Motion and a second.

Mike Pollocoff:

I'm just recommending that it be adopted.

John Steinbrink:

There appears to be concurrence with that train of thought. Any discussion on that item?

KUMORKIEWICZ MOVED TO ADOPT RESOLUTION #08-40 - RESOLUTION RELATING TO ADOPTION OF 2009 BUDGET, CAPITAL IMPROVEMENT PROGRAM, PROPERTY TAX LEVY, RESERVE BALANCES AND DEBT SERVICE FUND; SECONDED BY SERPE; MOTION CARRIED 5-0.

5) Resolution #08-41 - Resolution Relating to Adoption of 2009 Sewer Utility Budget.

Mike Serpe:

Move approval of 08-41.

Monica Yuhas:

Second.

John Steinbrink:

Motion by Mike, second by Monica. Any discussion on this item?

SERPE MOVED TO ADOPT RESOLUTION #08-41 - RESOLUTION RELATING TO ADOPTION OF 2009 SEWER UTILITY BUDGET; SECONDED BY YUHAS; MOTION CARRIED 5-0.

6) Resolution #08-42 - Resolution Relating to Adoption of 2009 Water Utility Budget.

Clyde Allen:

Motion to approve.

Mike Serpe:

Second.

John Steinbrink:

Motion by Clyde, second by Mike. Further discussion on this item?

ALLEN MOVED TO ADOPT RESOLUTION #08-42 - RESOLUTION RELATING TO ADOPTION OF 2009 WATER UTILITY BUDGET; SECONDED BY SERPE; MOTION CARRIED 5-0.

7) Resolution #08-43 - Resolution Relating to Adoption of 2009 Solid Waste Fund Budget.

Monica Yuhas:

Move to approve Resolution 08-43.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion by Monica, second by Steve. Any discussion on this item?

YUHAS MOVED TO ADOPT RESOLUTION #08-43 - RESOLUTION RELATING TO ADOPTION OF 2009 SOLID WASTE FUND BUDGET; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

8) Resolution #08-44 - Resolution Relating to Adoption of 2009 Clean Water Fund Budget.

Steve Kumorkiewicz:

Move to approve.

Monica Yuhas:

Second.

John Steinbrink:

Motion by Steve, second by Monica. Further discussion on this item?

KUMORKIEWICZ MOVED TO ADOPT RESOLUTION #08-44 - RESOLUTION RELATING TO ADOPTION OF 2009 CLEAN WATER FUND BUDGET; SECONDED BY YUHAS; MOTION CARRIED 5-0.

9) Resolution #08-45 - Resolution Relating to Adoption of 2009 Fleet Internal Service Fund Budget.

Monica Yuhas:

Motion to approve Resolution 08-45.

Clyde Allen:

Second.

John Steinbrink:

Motion by Monica, second by Clyde. Any discussion on this item?

YUHAS MOVED TO ADOPT RESOLUTION #08-45 - RESOLUTION RELATING TO ADOPTION OF 2009 FLEET INTERNAL SERVICE FUND BUDGET; SECONDED BY ALLEN; MOTION CARRIED 5-0.

10) Resolution #08-46 - Resolution Relating to Adoption of the 2009 Recreation Enterprise Budget.

Clyde Allen:

Motion to approve Resolution 08-46.

Mike Serpe:

Second.

John Steinbrink:

Motion by Clyde, second by Mike. Further discussion on this item?

ALLEN MOVED TO ADOPT RESOLUTION #08-46 - RESOLUTION RELATING TO ADOPTION OF THE 2009 RECREATION ENTERPRISE BUDGET; SECONDED BY SERPE; MOTION CARRIED 5-0.

6. CITIZEN COMMENTS

Jane Romanowski:

There were no signups.

John Steinbrink:

Anyone wishing to speak under citizens' comments this evening.

7. NEW BUSINESS

A. Consider Ordinance #08-56 - Ordinance to Amend Chapter 285 of the Municipal Code relating to Sewer Use and Sewer Charges.

Mike Pollocoff:

Mr. President, I recommend this ordinance be adopted. We have a slide that had a malfunction on it on the rates. The change in rates would be the volume rate which is how many thousands of gallons that the user uses. It would go from $5.00 to $5.15. The fixed rate, the $11.50, is based on the meter size. That's virtually all the residential users in the utility falling into that first 5/8th and 3/4 inch classification. So under the previous rate the average rate at 6,000 gallons per month is $41.50. Under the new rate it would be $42.75 or an increase of $1.75 a month. I'd recommend that the Ordinance 08-56 be adopted as presented.

Monica Yuhas:

Motion to approve Ordinance 08-56.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion by Monica, second by Steve. Further discussion on this item?

YUHAS MOVED TO ADOPT ORDINANCE #08-56 - ORDINANCE TO AMEND CHAPTER 285 OF THE MUNICIPAL CODE RELATING TO SEWER USE AND SEWER CHARGES; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

B. Consider Ordinance #08-57 - Ordinance to Amend Chapter 292 of the Municipal Code relating to Solid Waste and Recycling.

Mike Pollocoff:

Mr. President, we've modified the solid waste ordinance to really be able to provide additional and more service through the solid waste utility. With respect to compost drop off we've eliminated the requirement for bundled branches bound with string or twine. We've provided for one cubic yard of dirt to be dropped off, cubic yard of broken concrete, cubic yard of gravel, cubic yard of broken asphalt, cubic yard of steel or metal, residential recycling and solid waste for the Village residents that have option 1. Before none of these things could be brought to the Prange. You had to find some other way to get rid of it. This way you're going to be able to do it.

We're going to be expanding the bulk item. We're going to provide a fee for drop off for computer systems and televisions. Televisions are going to be based on the size and type. So if it's a tube or a plasma or a flat panel or a projection size we're going to on the special collection fee we'd come and pick it up at the curb. We're adding $5 to that. Conversely, if somebody wants to make the choice to bring it to the Prange themselves based on what it is they can save money. So it would be $25 to have a 22 inch or 21 inch TV picked up at the curbside. If you bring it to Prange that's $10 and that schedule goes on.

Cost of service, this is probably the larger change in residential. You choose collection option 1 which is unlimited. Whatever you put in your roll off cart plus anything else would go to $14 a month. Residents could choose automated option number 2, the cost would be $13.50, and automated 3 which is only what you can put in the bin would be $13. With that, Mr. President, I'd recommend we adopt Ordinance 08-57.

Clyde Allen:

Motion to approve.

Mike Serpe:

Second.

John Steinbrink:

Motion by Clyde, second by Mike. Further discussion on this item.

Steve Kumorkiewicz:

Yes, I've got a question for Mike. Mike, how are we going to keep track once it's going to the compost site? If somebody comes with a 22 inch TV or projector or whatever who keeps track of that?

Mike Pollocoff:

Right now what we're looking at, as we indicated in the budget section, we're going to be funding a part-time employee to be there for more hours than we have now. And we're also going to be providing a device with that person kind of like what our meter reading devices are, a handheld computer, and we'll load it up on the computer all the residences in the Village and who they are, so somebody is going to have to prove that they're a resident of the Village. We'll make not of what they dropped of and we'll just load it in there, then that will show up as a bill on their next utility bill. We'll download that into the system and it will go to the utility bill. That way there won't be an exchange of money or any information like that. They'll just take it right there.

Steve Kumorkiewicz:

One of the questions I've got is we know the hours when the site is open. Sometimes there's just a simple barricade over there, but these people who go over there they open the barricade and go in if they've got compost or leaves or whatever. They can do the same thing with this. I think that we've got to have some type of better control or better shut down of the facility so we don't have those people that sneak in and do that.

Mike Pollocoff:

Part of the budget program for this is to modify the security so that we can control access to the site.

Steve Kumorkiewicz:

Thank you, Mike.

John Steinbrink:

We had a motion and a second. Any other discussion on this item?

ALLEN MOVED TO ADOPT ORDINANCE #08-57 - ORDINANCE TO AMEND CHAPTER 292 OF THE MUNICIPAL CODE RELATING TO SOLID WASTE AND RECYCLING; SECONDED BY SERPE; MOTION CARRIED 5-0.

C. Consider Resolution #08-47 - Resolution Approving the Clean Water Utility 2009 Budget, Fees and Capital Improvement Program.

Mike Pollocoff:

Mr. President, I request that Resolution 08-47 be adopted with the change in the ERU from $3 per month per unit to $3.25 in both basins, Lake Michigan and Des Plaines.

Monica Yuhas:

Move to approve Resolution 08-47.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion by Monica, second by Steve. Any further discussion on this item?

YUHAS MOVED TO ADOPT RESOLUTION #08-47 - RESOLUTION APPROVING THE CLEAN WATER UTILITY 2009 BUDGET, FEES AND CAPITAL IMPROVEMENT PROGRAM; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

D. Consider Resolution #08-48 - Resolution authorizing the issuance and sale of $6,027,224.60 General Obligation Promissory Notes, Series 2008E.

Kathy Goessl:

Our financial advisor, Piper Jaffray, went out for bids today on this $6 million bond sale, and they were not able to come back to us with acceptable bids for the $6 million. So we're asking for this to be tabled. What they want to do is watch the market next week and see if there's an opportunity to actually restructure this debt a little bit and put it back out there. Otherwise they'll aim for Monday the 15th, the regular Board meeting, to sell. But if they do find an opportunity next week they will give us 24 hour notice to hold a special meeting to be able to jump in the market at the right time to get what we need on this. This is actually for TID for the projects that are going on by I-94 and 165.

Steve Kumorkiewicz:

So we should table it? I make a motion to table it.

Clyde Allen:

Second.

John Steinbrink:

Motion by Steve, second by Clyde. Any further discussion on this item? Will our improved ratings–

Mike Pollocoff:

They've already helped in this. And I think counsel from Gene Schulz is good in this. We have a good rating. There's no reason to–if we feel we can work with the market and get a better rate and we don't need the money today, let's work it to get the best rate we can.

John Steinbrink:

We have a motion and a second for tabling. Any further discussion?

KUMORKIEWICZ MOVED TO TABLE CONSIDERATION OF RESOLUTION #08-48 – RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF $6,027,224.60 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2008E; SECONDED BY ALLEN; MOTION CARRIED 5-0.

E. Consider Resolution #08-49 - Resolution authorizing the issuance and sale of $1,300,000 General Obligation Promissory Notes, Series 2008F.

Kathy Goessl:

This is another bond issue that they went out for sale today. They were structured in a fashion that we were able to sell these at a rate that–we're getting bids on these for a rate that were acceptable to us. There's a resolution here that actually changes the amount to $1,270,000 due to the way they sold in terms of premium discount type options on the bond. These bonds are for the sewer utility. This is actually reimbursing the sewer utility for some projects that they've already started, but also some additional spending for projects in the 2009 budget. What they're reimbursing for is the Chateau lift station and 80th Street sanitary sewer as the main projects for reimbursement.

The main project for additional spending for this bond is Sewer D bypass line which is mainly land acquisition and the start of that project to reroute our sewer for the 2010 closure of Sewer D plant. So we're looking at actually going out to 2018, different levels of principal payments, but they basically fit into the current amortization schedule that we have for the sewer utility and other debt that's outstanding in that utility. They have an average coupon here of 4.6 which is higher than we've seen in the past but still within what we were looking for in terms of the projection that he had initially given us for this type of issue. So we're looking for a roll call vote to approve this sale of these bonds.

Mike Serpe:

Move to approve 08-49.

Monica Yuhas:

Second.

John Steinbrink:

Motion by Mike, second by Monica. Any comment or question?

Clyde Allen:

I'm sorry, Kathy, can you go back. Where did you get the 4.6 on the coupon?

Kathy Goessl:

There's a schedule back there. It's actually the net interest cost number they give you at the bottom of the debt service schedule, 4.66 net interest cost that they figure.

Clyde Allen:

What is the one that has the net of 4.41?

Kathy Goessl:

That's the average coupons. These coupons sold for a different interest rate and that's averaging those coupons. It ranges from 4 percent for the more current issues and the more long term is at 4.75.

Clyde Allen:

Okay, thank you.

John Steinbrink:

It really pays to have somebody on board that really understands this stuff. We make light of it, but it takes a special person to do that. We had a motion and a second. Is there any other discussion on this item? Hearing none, this is a roll call vote.

SERPE MOVED TO ADOPT Resolution #08-49 - Resolution authorizing the issuance and sale of $1,300,000 General Obligation Promissory Notes, Series 2008F; SECONDED BY ALLEN; ROLL CALL VOTE – STEINBRINK – YES; YUHAS – YES; KUMORKIEWICZ – YES; ALLEN – YES; SERPE – YES; MOTION CARRIES 5-0.

F. Consider Professional Services Agreement with Partners in Design for the proposed 50 meter pool at LakeView RecPlex.

Mike Pollocoff:

Mr. President, this is a contract between the Village of Pleasant Prairie and Partners in Design Architects for the architectural services and design services for the 50 meter pool at the RecPlex. This is approximately a 35,000 square foot single story and partial opening mezzanine structure with spectator seating. Partners is proposing to perform these services for six and a half percent of the construction cost. We're also looking at that's minus the pool package itself. The pool package we'll bring in a specialist, Councilman Hunsaker out of Indianapolis at eight percent of the construction cost. Partners was the design architect for RecPlex and IcePlex, and just from basic continuity and understanding the process there I'm recommending that we award a contract to them and that I be authorized to execute the agreement on behalf of the Village with them.

Clyde Allen:

Make a motion to approve.

Mike Serpe:

Second.

John Steinbrink:

Motion for approval by Clyde, second by Mike. Any other discussion on this item?

ALLEN MOVED TO APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH PARTNERS IN DESIGN FOR THE PROPOSED 50 METER POOL AT LAKEVIEW RECPLEX; SECONDED BY SERPE; MOTION CARRIED 5-0.

G. Consider Professional Construction Management Services Agreement with Riley Construction Company for the proposed 50 meter pool at LakeView RecPlex.

Mike Pollocoff:

Mr. President, I'm recommending that the Village enter into a contract with Riley Construction to perform the work as the construction manager at the new pool. The construction manager's responsibility is to act on the Village's behalf in evaluating the architectural design work to make sure that we're getting the most space and quality design work and construction for what we're going to be paying and make sure that we engineer this building so we get the most out of it. We used this process with IcePlex and RecPlex. Riley was also the construction manager on those projects. This fee would come at a lump sum of $67,000 plus three percent of construction cost. This does not mean that Riley will be actually doing the construction of the facility. Every item, whether it's masonry, flooring, electrical, HVAC, all that will be put out to sealed bids and then Riley if they want to take the work or do the work they'd have to compete with everybody else to do it. So the Village would still be opening sealed bids at specified times and awarding those contracts as they come out. Riley has done a good job for us at IcePlex and RecPlex and I'd recommend that the Village President be authorized to execute the document with Riley Construction.

Mike Serpe:

Just a question for Mike. In the event there is a problem in the construction phases of the project, is Riley at any way responsible for any repairs, any compensation?

Mike Pollocoff:

Well, two people are responsible. Riley is not quite a general, but then again in this document he assumes the responsibility for making sure that the work was taken out in compliance with the design in the contract. So if they haven't done that he's going to be the one to enforce it. We would still be going back to the specific contractor that's doing the work. This isn't a project where Riley would bid as a general and then he would assume that overall responsibility. But with my experience with Riley when we've had problems at RecPlex or IcePlex he's our representative. He's there to represent our best interest and they're the bulldog on the project. So if somebody doesn't get something done then they've got to get that right.

I think probably the best example would be had a failure of the paint on IcePlex and that was in 2004, and that just got redone this summer at a significant cost. Riley was the one that pushed that done and it was a difficult issue to solve as to why the paint was peeling the way it was. It works pretty well. The only other thing we could do is to have Jeff Sorensen be our person and have him do it. The construction industry isn't that dead and he's out doing inspections. That's what you need. He's really our representative to deal with the contractors who are building the building and make sure it happens the way it's supposed to happen. They evaluate the bids and make sure that there's no padding of money in the bids as they come in. To the extent that they don't do that adequately they're responsible for it.

Mike Serpe:

That's good. Thank you, Mike. I would move approval of the contract for management service with Riley.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion by Mike, second by Steve. Further discussion on this item or questions?

SERPE MOVED TO APPROVE A PROFESSIONAL CONSTRUCTION MANAGEMENT SERVICES AGREEMENT WITH RILEY CONSTRUCTION COMPANY FOR THE PROPOSED 50 METER POOL AT LAKEVIEW RECPLEX; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

8. VILLAGE BOARD COMMENTS

Steve Kumorkiewicz:

Yes, I read in the newspaper a comment concerning 165 which is a State road and Sheridan Road concerning the maintenance or whatever. The comment by the County said that when they got green and white signs they belong to Pleasant Prairie, otherwise it belongs to the County. All these years I live here I never paid attention to the markings because after 46 years I know where I'm going. Consequently I went back today just to take a look at that intersection. There is not one marking from the Village. It says 165 in one direction and 32 . . . . Farther north from the intersection close to 91^{st} it's a marking that says 165. But in no place indicated the Village is the one responsible for that corner. It's the State, but the County has the responsibility to maintain the intersection. Is that right, Mike?

Mike Pollocoff:

I guess I was a little surprised at the County's comment in the paper. You go through LakeView Corporate Park there are green and white signs are placed there by the State along 165 and at the intersection of H. What the Village does, I think what Gary was referring to, is the little signs that sit on a pole, those are Village signs. But the highway marked signs, the big ones that are put up there, we can't put a sign in that part of the State right of way. So I have no doubt that John is going to get this worked out. Somebody at the State will recognize it's theirs.

John Steinbrink:

There used to be signs there, weren't there?

Mike Pollocoff:

I knew our signs were up there but I really don't remember the big sign.

9. ADJOURNMENT

YUHAS MOVED TO ADJOURN THE MEETING; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0 AND MEETING ADJOURNED AT 9:10 P.M.